FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

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CUBA'S ECONOMIC IMPROVEMENT, AIDED BY WORLD SUGAR DEMAND, EXPECTED TO CONTINUE IN 1957-58

Summary

Cuba's improved economic situation, reflecting strong world demand and good prices for sugar in 1956-57, should continue in 1957-58, barring increased civil disturbances.

Sugar production continues to be the Island's economic barometer. The demand-price impetus to sugar production could, however, result in a difficult surplus situation by 1959 and 1960. But, with the world demand for sugar currently satisfied, and the coming crop likely to be restricted, 1957-58 production and exports are not expected to exceed 1956-57 levels.

Cuba's per-capita consumption of certain food items was higher than usual in 1956-57, and is expected to be maintained at that high level in 1957-58. Imports of selected agricultural items in 1956-57 were above the previous year, and trade in these items is not expected to weaken in 1957-58. The longer sugar season, good sugar prices and higher wages were responsible for the 1956-57 rise in imports and consumption.

Cuba is expected to continue to rely upon the United States as the principal market for its exports, and the major source of its agricultural imports in 1957-58. The proportion of agricultural products the United States now supplies to Cuba may decline in the years ahead in relation to the amount produced domestically in Cuba, as the Cuban Government continues to protect domestic agricultural production.

Crops

Sugar and Molasses:- Cuba's 1956-57 sugar crop is estimated at 6,252,000 short tons. This tonnage was produced from 3.2 million acres, of which 3 million acres were harvested. Extensive new plantings, better cultivation, increased use of fertilizer and abundant rainfall combine to support an increased production estimate for 1957-58. But the Cuban Government has already unofficially indicated that the 1957-58 crop will be limited to approximately 6,200,000 short tons. The actions taken by the Government to strengthen and stabilize the price of Cuban sugar, and the drop and extreme fluctuations in the price of sugar since July 1, 1957, may hold exports of raw sugar for 1957-58 at about the same level as the 6,433,000 short tons exported in 1956-57.

If the Government limits the 1957-58 sugar production to the above amount, the cane equivalent of over 900,000 short tons of sugar may be available for the production of hi-test (invert) molasses. None of this was produced during 1956-57 because of the strong demand for and favorable price of Cuban sugar. Blackstrap molasses production for 1957-58 is expected to approximate 270 million gallons, as compared to 253 million in 1956-57. Generally, about half of the blackstrap molasses production is exported and the remainder used domestically. However, the Cuban Government's recent action to terminate subsidization of the Cuban alcohol industry may release additional quantities of blackstrap molasses for export.

Rice:- Rice production in Cuba for 1957-58 is forecast at 600 million pounds or slightly above the 1956-57 crop of 570 million pounds. From all indications, imports of rice during 1957-58 will approximate 360 million pounds (milled) or about 30 million pounds in excess of the basic low-duty quota of 330 million pounds (milled), and almost 7 million pounds more than were imported in 1956-57. Trade sources and Government officials have estimated rice consumption during the rice quota year 1956-57 at 760 million pounds (milled), or a record-breaking average per-capita consumption of 121.6 pounds, reflecting the improved economic situation of the country.

Beans:- With beans in short supply at the close of the 1956-57 year and prices rising, domestic production in 1957-58 is expected to increase to 82 million pounds, or about 4.4 million pounds above 1956-57 production.

Distribution of free seed by the Ministry of Agriculture started much earlier than usual, which is evidence that there will be a greater participation in production by the small farmers. About 80 percent of total production is made up of black beans; 15 percent kidney beans; and the remaining 5 percent of blackeye and white beans. Imports of beans during 1957-58 are expected to remain at about the 1956-57 level of 86 million pounds. White and red beans comprise the bulk of the imports, with the United States supplying the greatest percentage and Chile the remainder. No exports of black beans in 1957-58 are expected.

Wheat and Wheat Flour:- Imports of wheat and wheat flour, in terms of wheat equivalent, slightly exceeded the International Wheat Agreement quota of 7.42 million bushels in 1956-57. These larger imports are attributed to improved economic conditions of the Island resulting from a favorable sugar season.

The distribution of the wheat and wheat flour quotas for the flour year commencing August 1, 1957, has been on the basis of the regular quota plus an additional 660 thousand bushels requested from the International Wheat Council in London. Imports of wheat during 1957-58, hwoever, are presently forecast at about 3.05 million bushels and wheat flour at 4.45 million bushels (wheat equivalent), or together slightly in excess of the IWA quota.

The United States probably will continue to supply well over 90 percent of these imports. In the event the new flour mill in Cuba commences operation in January of 1958, a shift in imports from flour to wheat will take place to the extent necessary to supply the mill's needs.

Winter Vegetables:- Tomatoes and cucumbers will continue during 1957-58 to be Cuba's principal winter vegetables exported to the United States during the late fall and winter season. Exports of tomatoes during the 1956-57 season totalled approximately 17.6 million pounds and cucumbers about 44 million pounds. An increase of about 10 percent in the acreage planted to both tomatoes and cucumbers is predicted in 1957-58, and a moderate increase in the exports of these two commodities is expected. In addition to tomatoes and cucumbers, small but significant, quantities of eggplant, okra, peppers, watermelons, and more recently, cantaloupe, are being grown in Cuba for both export and local consumption.

Fruit:- Orange production for the 1957-58 marketing season is expected to approximate 2,400,000 boxes (70 pounds each) or an increase of 150,000 boxes over the 1956-57 crop. Abundant rainfall during the growing season has benefited the orange groves. New orange plantings during 1956 and 1957 are estimated at 1,800 acres. A few commercial orange growers are modernizing their washing and grading equipment to meet the growing super market demand for select, quality oranges. As in the past, exports of Cuban oranges will continue to be negligible.

Grapefruit production in 1957-58 is expected to remain at 1956-57 levels, or about 190,000 boxes (80 pounds each). Exports of grapefruit to the United States during the 1957-58 export marketing season approximated 36,500 boxes of 1-3/5 bushels each, or 15,000 boxes less than in 1956-57. In late September 1957, arrangements were completed to export about 21,000 boxes of Isle of Pines grapefruit to European markets, with 15,000 boxes earmarked for the United Kingdom.

Avocado exports continue to increase, reaching 213,000 crates (40 pounds each) during the 1957-58 marketing season. This is an increase of 4 percent over the 205,323 crates exported in 1956-57. All exports were made to the United

States. Inspection of avocados by U.S. inspectors in Cuba prior to export has done much to educate Cuban growers in U.S. market quality and maturity requirements and has been a major contributing factor to the increased exports. The larger percentage of Cuban avocado production, however, is still utilized for domestic consumption purposes.

Plantains and bananas continue to be grown principally for domestic consumption. A once important export trade in bananas is now negligible. Prevalence of sigatoka and other diseases discourage commercial production of this crop. Plantains, which are more resistant to disease, are finding an expanding market in the United States. Shipments are expected to approximate 6,600 short tons during 1957-58.

Pineapple production in 1957-58 is estimated at 112,000 short tons. As in the past, approximately 85 percent of the total crop (fresh fruit equivalent) will be exported. Of the total exports, 60 percent will be exported in the whole fresh state, and the remainder as canned pineapple and pineapple in brine or syrup. The United States remains the principal market for Cuban pineapple.

Approval by the United States of fumigation of mangoes in Cuba has made possible increased exports of this commodity. In 1957-58 exports are estimated at about 40,000 crates (40 pounds each) compared with 23,000 crates during the 1956-57 shipping season. All of these exports are shipped to the United States.

Vegetable Oilseeds and Oils:- The bulk of Cuba's vegetable oil requirements is satisfied through imports from other countries. The more important of these imports are olive oil, soybean oil, coconut oil, and cottonseed oil. Those of lesser importance in quantity include peanut oil, corn oil, palm oil and vegetable lard. Approximately 70 percent of the imported oils are edible and 30 percent inedible. Olive oil remains the popular cooking and salad oil.

Total imports of vegetable oils during 1957-58 are expected to approximate 19,000 short tons, as compared to 20,000 short tons in 1956-57. Spain should continue as the major supplier of olive oil and the United States the sole supplier of edible and inedible soybean and cottonseed oils and edible coconut oil. The Philippines will share with the United States in supplying inedible coconut oil to Cuba.

Peanuts provide the sole source of Cuba's domestic production of vegetable oils. Generally, about 45 percent of the peanut crop is crushed for oil and the remainder consumed as food. If growers carry out their present intentions to increase the area planted to peanuts, unshelled peanut production in 1957-58 may approximate 12,900 short tons, or about 8 percent above 1956-57.

Coffee:- There is every indication that Cuban coffee production will continue in the years ahead to exceed substantially domestic consumption requirements. Cuba will, therefore, strive to strengthen its position as a coffee-exporting

country. Relatively satisfactory prices in recent years have stimulated new plantings as well as rehabilitation of some of the older coffee areas. The 1957-58 coffee crop may be expected to approximate 760 thousand bags (60 kilos each), of which 35 percent will be washed coffee and the remainder natural. This compares with a 1956-57 crop of 610 thousand bags, of which 30 percent was washed coffee. The 1956-57 export quota, as revised, permits exports of 140 thousand bags of washed coffee and 68 thousand bags of natural coffee, or a total of 208 thousand bags. During the first half of 1957, 51 percent of the total coffee exports went to Europe, 48 percent to the United States, and 1 percent to Japan.

The export quota for the 1957-58 crop has been established by the Cuban Ministry of Agriculture at 75 percent of the washed coffee production and 10 percent of the natural production. If the estimated production of 760 thousand bags is realized, the total export quota will amount to 250 thousand bags comprised of 200 thousand bags of washed coffee and 50 thousand bags of natural coffee.

Cacao:- The Cuban cacao outlook indicates a slow but gradual expansion in production in the years ahead. Additional output can be expected from new plantings coming into bearing, as well as from old plantations which have been rehabilitated in recent years. Improvement in the quality of Cuban cacao beans can also be expected, as a result of the program carried on by the Cuban Government in conjunction with the U.S. International Cooperation Administration.

If favorable weather continues, the 1957-58 cacao crop may exceed 6.2 million pounds, compared to 5.6 million pounds in 1956-57. Cacao trees are reported to be in better condition than the year before, and increased yields are expected from young trees. Cacao exports during 1957-58 may exceed 3.0 million pounds.

Fibers:- With little improvement expected in the world market price of raw henequen, Cuban exports of this commodity will continue negligible in 1957-58, probably not more than 550 short tons. The bulk of the raw henequen production will be consumed by domestic cordage mills and manufactured into rope and twine. Exports of rope and twine are estimated at 4,400 short tons for 1957-58. Despite the discouraging export market outlook for raw henequen, plantations are kept in operation and the area planted maintained at about 26,000 acres in hopes of a more favorable market that will support profitable production of this crop.

The cultivation of kenaf in Cuba is still limited to a small acreage for experimental purposes. Approximately 6.6 short tons of kenaf fiber were exported to the United States during the first 6 months of 1957.

Tobacco:- The Cuban Ministry of Agriculture has established the national tobacco production quota for the 1957-58 crop year at 97.9 million pounds. Of this total 91.3 million pounds apply to sun-grown tobacco and 6.6 million pounds to shade-grown tobacco. It is expected that approximately 45 percent of the total 1957-58 domestic tobacco production will be exported as leaf tobacco for use as cigar wrappers, binders and fillers. In addition, there will be a substantial export of manufactured tobacco in the form of cigars and cigarettes. The United States and Spain will continue as the major recipients of unmanufactured leaf tobacco and cigars. An increasing market for Cuban cigarettes is evident in Panamá, Canary Islands, Perú and Portugal. The demand for imported cigarettes from the United States is expected to continue in 1957-58.

In addition to the cigar-type production figures shown above, an estimated 1.8 million pounds of flue-cured and about 4.6 million pounds of burley-type tobacco are expected to be harvested during 1957-58. This production is not under quota control.

Livestock Products

Beef, Pork and Lard:- Domestic beef production in Cuba should easily meet 1957-58 domestic needs, currently estimated at about 400 million pounds. Imports of fresh beef are expected to be negligible and will constitute only small quantities of choice-grade American-type cuts from the United States. However, imports of purebred breeding cattle from the United States will remain at about 1956-57 levels. Continued exports of purebred cattle from Cuba to Latin American countries are expected. The Venezuelan Ministry of Agriculture recently purchased 600 head of registered Brahman cattle for the improvement of cattle herds.

Cuba's domestic consumption requirements for pork are estimated at approximately 127.9 million pounds. About 25 percent will be met from imports of cured pork products such as salt pork, hams, shoulders, butts, and bacon, largely from the United States, and the remainder, which is largely consumed as fresh pork, will be supplied from domestic production. Importation of purebred hogs for use as foundation stock is expected to increase slightly in 1957-58. So far, the favorite breeds appear to be Duroc Jersey, Hampshire and Poland China. To date all of these live imports are from the United States.

Lard continues to be the cheapest and most popular cooking fat in Cuba. Although domestic production of lard is increasing, it is still insignificant in relation to total consumption requirements, and Cuba depends on imports for its supplies of this commodity. Imports of lard during 1957-58 are expected to be about the same as those received in 1956-57, or 176.4 million pounds. Practically all imported lard is received in bulk in railroad tank cars and packaged in local plants. Approximately 14 such plants have been established in Havana in the last few years. At least 5 of these plants are each packaging somewhat more than one million pounds of lard monthly.

Imports of tallow, both edible and inedible, are expected to be slightly lower in 1957-58 than in 1956-57 and will approximate 37.5 million pounds. The greater percentage of these imports will constitute inedible tallow for use in soap manufacture. With the exception of small quantities received from Argentina, the United States should continue as the major supplier of tallow.

Poultry and Eggs:- There is every indication that broiler production will continue a moderate expansion in 1957-58. Popularity of chicken as the favorite meat of Cuba continues to grow. Furthermore, a definite trend in consumer demand for properly fed broilers, as opposed to the native criollo chicken, is now apparent. This is particularly true in the Havana market. Even so, the less plentiful criollo continues to demand a premium price in the market over the commercial broiler. Greatest expansion in the broiler industry has occurred since 1950. As the industry expanded and competition increased, efficiency of operation became more and more important. The current trend is now toward large-scale operation, with a 10,000-broiler output per month considered the minimum economic unit, and there are a few operators producing 100,000 per month. By the end of the first semester of 1957, broiler marketings reached an all-time high of 1,000,000 broilers per month. In addition, approximately 200,000 criollo chickens were marketed each month.

As fiscal year 1956-57 ended, a total of 7 hatcheries turned out from 850,000 to 900,000 baby chicks per month. This required a monthly egg setting in hatcheries of approximately 1,200,000 to 1,250,000. Breeder flocks supplied about 780,000 of this monthly egg requirement, and the balance was imported. The full capacity of local hatcheries is presently estimated at 1,500,000 eggs. However, it is observed that at least 3 are currently in the process of expanding their hatchery capacity, and it is reported that 2 new hatcheries will be in operation prior to the close of 1957.

Commercial egg production continues to expand. During the first six months of 1957, commercial flocks, (averaging for the period 250,000 producing hens), together with an estimated 2 to 3 million criollo hens produced approximately 2 million dozen eggs monthly. The number and size of commercial flocks is gradually expanding. Considering this expansion, total egg production for 1957-58 may be expected to easily exceed 20,000,000 dozen eggs. Imports of table eggs from the United States declined to 2,200 short tons in 1956-57 and are expected to drop to 1,100 short tons in 1957-58.

Supplementing hatchery production in support of the broiler industry and commercial egg industry, sizeable quantities of baby chicks have been imported in the past, all from the United States. However, action recently taken by the Cuban Government to protect the rapidly expanding domestic poultry industry is expected to reduce imports of baby chicks in 1957-58. Decree No. 1981, imposing severe restrictions on imports of baby chicks into Cuba, became effective on July 26, 1957. But restrictions on the importation of baby chicks may result in increased imports of hatching eggs from the United States.

Dairy Products:- Cuba's imports of dairy products are relied upon wholly to supplement domestic production in meeting total consumption requirements. In 1957-58 domestic production of dairy products is expected to approximate 108 million pounds, leaving approximately 41.9 million pounds to be imported to meet total domestic requirements of 149.9 million pounds. Of the total imports of dairy products, it is estimated that approximately 47 percent will be evaporated milk; 42 percent, condensed milk; 6 percent, cheese; 4 percent, butter; and 1 percent, dry milk. The United States probably will remain the major single source of evaporated milk, butter, and dry milk, while the Netherlands probably will furnish the greater percentage of cheese imports and share in furnishing all of the condensed milk.

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FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

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MEXICO'S 1957 AGRICULTURAL PRODUCTION ALMOST EQUALS 1956 OUTPUT DESPITE SEVERE DROUGHT

Summary

Mexico's 1957 agricultural production is estimated to have almost equalled its 1956 output in spite of severe drought last summer. There was record production of wheat, tomatoes, oranges, sugarcane, coffee, cacao, vegetable oils, lard, tallow, meats, and eggs, and the cotton crop was second largest in Mexican history.

Products showing the most important declines were corn, beans, potatoes, limes, some deciduous fruits, cantaloupes and watermelons.

Weather conditions in Mexico during 1957 were extremely variable. The long drought which had prevailed in northern districts during the preceding winter months was broken during the second half of February. Heavy rains in the northeast at that time were particularly beneficial to cotton plantings. The spring rains, which continued into April, improved the livestock situation and encouraged large early plantings of corn.

During the summer months, however, the country experienced a severe drought, particularly in the central and north-central districts. The lack of rain, accompanied by unusually high temperatures, caused considerable damage to crops in these districts, particularly corn. The drought also resulted in a serious decline in the level of water stored by reservoirs throughout the country. During the late summer and fall, hurricanes and heavy rains in the northwest replenished the reservoirs in that part of the country. However, the shortage of water for irrigation was still acute in the central and north central regions by the end of the year.

There was greater consumption of most agricultural and livestock products in Mexico during 1957 than in 1956 and the trend toward a more diversified diet continued during the year. Consumption of grains rose 5 percent and that of pulses approximately 14 percent. The intake of vegetables remained about the same. A decline in the consumption of potatoes was offset by an increase in tomatoes and other vegetables. Fruit consumption rose 5 percent as a result of larger supplies of oranges, bananas, pineapples, and melons. Significant increases also took place in the consumption of sugar, coffee, cacao, and vegetable oils, as well as in that of all animal products, including meats, animal fats, milk and eggs. In general, it is believed that consumption of foods rose faster than the population and that there was, therefore, an increase during the year in the per capita intake of food.

Principal Foods

As a result of severe drought the production of corn failed to keep up with increasing consumption and a serious shortage of this commodity developed during 1957. It is estimated that by the end of the year Mexico will have imported approximately 650,000 metric tons of corn, or about 16 percent of its record consumption requirements. Mexico was self-sufficient in wheat during 1957 and ended the year with an ample carryover estimated at approximately 488,000 metric tons. There were some exports of rice and some imports of oats and barley during the year.

The outlook for 1958 is for self-sufficiency with respect to wheat but continued imports of corn. Exports of rice are expected to increase slightly and imports of oats and barley to decline during 1958, as a result of increased production.

Consumption of all the major grains increased during 1957 and a further increase is forecast for 1958.

Beans are the most important pulse produced in Mexico and one of the main components of the Mexican diet. The large crops of the past 2 years have been sufficient to meet an increase in bean consumption and leave an ample carryover. The 1957 crop, which will be available for consumption in 1958, is expected to decline somewhat from the previous high level. In view of the large carryover, however, supplies in 1958 are expected to be sufficient to meet consumption requirements during the year.

Almost half of the total chickpea production is for feed used within the country, principally for the feeding of swine. The remainder is of food types, partly for domestic consumption and partly for export. The shortage of corn and other feeds has increased the demand for feed-type chickpeas and it is expected that production of these types will continue to increase in 1958. No increase is expected in the output of food types.

Tomatoes are the most important vegetable in the Mexican diet as well as the most important of its export vegetables. Other vegetables of less importance but which are also exported include peppers, peas, onions and garlic. Production of tomatoes in 1957 exceeded the preceding year's output and exports

during the past winter season were 89 percent higher than during the poor 1955-56 season. Production of potatoes in 1957 was affected by the drought, particularly in the central part of the country and the output will be slightly lower than in 1956. Potatoes are grown exclusively for domestic consumption. Small quantities are imported for seed and for consumption in border communities.

Mexico's 1957 orange production was the highest on record and exports during the year are expected to double the quantity exported in 1956 and make oranges the leading fruit export. Domestic consumption has also increased. There was a decline in the production and exports of melons and watermelons in 1957 but bananas recovered from the low level of 1956 when yields were affected by a hurricane which hit the leading producing district.

Mexican sugar production passed the million-ton mark for the first time during the 1956-57 season. The output for that season is now estimated at 1,018,000 metric tons. Consumption during 1957 is estimated at the record level of 895,000 metric tons. Exports from the 1956-57 production are estimated at about 100,000 tons. A new record is expected next year in both production and consumption of sugar in Mexico. The 1957-58 output is forecast at 1,100,000 metric tons, of which 960,000 tons will be consumed within the country and about 150,000 tons exported.

Foreign trade in oilseeds during 1957 consisted chiefly of imports of cottonseed for planting, and exports of peanuts. There was an increase of about 3 percent in exports of peanuts but a decline in imports of cottonseed as a result of the policy of the Mexican Government to become self-sufficient in the latter commodity. Only registered seed is authorized for import and in such quantities as are considered necessary to produce certified seed for planting the following year.

There was an increase of about 6 percent in the production of lard in Mexico during 1957 which more than offset the decline in imports during the year. Consumption rose about 5 percent. The swine industry of Mexico is growing rapidly and production of lard in 1958 is expected to show a further increase. Tallow production rose about 13 percent during 1957 compared with 1956. Governmental restrictions resulted in a decline in imports, however, and a shortage of tallow developed. Consumption dropped 14 percent during the year. An import prohibition on tallow for industrial uses was announced on March 29, 1957. This was relaxed on April 19, 1957 to permit the entry of 2,100 metric tons which were being held at the border. Additional imports were authorized in July and in October but the total quantity imported during the year is expected to be 40 percent lower than in 1956.

Production of meat in Mexico during 1957 was approximately 5 percent larger than during the preceding year. The Government has continued its program to promote an expansion in the livestock industry through the establishment of breeding stations, the improvement of pastures and the granting of credits. The second $5 million loan extended to Mexico by the Export-Import Bank of Washington for the purchase of breeding stock will be of great assistance in the development of the Mexican livestock industry.

The Mexican poultry industry expanded rapidly during 1957 and the country is now nearly self-sufficient with respect to poultry products. On May 1, 1957 the Government imposed a permit requirement on all imports of poultry and poultry products. Since then permits have been gradually restricted and are now freely issued only in the case of hatching eggs and breeding stock. This control of imports stimulated an expansion in the capacity of existing commercial hatcheries and the establishment of new ones, many of which are branches of United States hatcheries. In addition there are 20 Government hatcheries in operation.

Other Products

Mexico's 1957 production of cotton was the second largest in its history. A total of 1,970,000 bales were produced in 1957, 12 percent larger than the 1956 output but 11 percent under the record 1955 production. The exportable surplus from the 1957 crop is estimated at 1,450,000 bales. Cotton is of great importance to the Mexican economy since it is the highest in value of all crops and the leading export commodity.

Production of henequen fiber during 1957 was slightly lower than in 1956. Restrictions on exports of henequen fiber were removed in August 1956 and the quantity of fiber exported has increased greatly since then.

The 1956-57 production of coffee in Mexico was the highest on record. Exports from that production are unofficially estimated at 1,315,000 bags of 60 kilograms each. The outlook for 1957-58 is for a slightly lower output. On October 18, 1957, the National Union of Coffee Growers of Mexico signed an agreement with representatives of the coffee industries of Brazil, Colombia, Costa Rica, El Salvador, Guatemala, and Nicaragua, to withhold from the market part of the exportable supplies during the 1957-58 season. In the case of Mexico, the agreement provides that its exports of coffee during the period from November 1, 1957 to March 31, 1958 should not exceed 80 percent of the quantity exported during the same period of the 2 previous seasons and, furthermore, that it should maintain reserves equivalent to 10 percent of all shipments made from November 1, 1957 to September 30, 1958.

Production of cacao in Mexico in 1956-57 rose 17 percent compared with the preceding season and a further increase is expected in 1957-58. Both domestic consumption and exports reached new high levels in 1956-57 and this trend is expected to continue in 1957-58.

Mexican tobacco production rose 11 percent during 1957. The increase was principally in the dark air-cured types. The area planted was 22 percent greater than in 1956 but unfavorable weather affected yields adversely. An increase of 11 percent is forecast for 1958. Imports of tobacco during 1957 were at approximately the same level as during the previous year.

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U.S. DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

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INCREASED FOOD SUPPLY, AND DROP IN EXCHANGE EARNINGS LIKELY TO CURTAIL CHILE'S AGRICULTURAL IMPORTS

An increased food supply in 1958, and recent reduction in foreign exchange earnings from copper sales are expected to reduce Chile's imports and at the same time, encourage efforts to expand the country's agricultural exports.

United States agricultural exports to Chile may decline. Favorable trade balances will encourage reliance upon other countries, particularly Argentina, for needed food imports.

Recent trade estimates place Chile's wheat and vegetable oil import needs in 1958 at 292,000 and 24,000 short tons, respectively. Chilean potato and rice production is expected to meet domestic requirements, but corn imports may be necessary to meet increased consumption. There may be a rise in the surplus of pulses available for export, with a decline for barley and oats.

Chile: Estimated area and production of grains, 1956-57 and 1957-58

Commodity	Planted Area		Production	
	1956-57 1/	1957-58 2/	1956-57 1/	1957-58 2/
	1,000 acres		1,000 short tons	
Wheat	1,894	1,993	1,090	1,155
Oats	254	254	123	136
Barley	149	146	108	106
Corn	142	161	110	n.a.
Rice	70	72	71	n.a.

1/ Preliminary. 2/ Estimated.

An improved agricultural situation is forecast for Chile during 1958. New price and trade policies have been favorable to crop and livestock production. Weather conditions were favorable for early grain crops. Chile's 1957-58 wheat and oilseed production may be near record level. Production of late crops and livestock products are expected to equal or exceed that of 1957. It is estimated that larger-than-normal stocks of wheat, edible oils, fruit and potatoes will be available on January 1, 1958.

Chile's available food supplies in 1957 were below those during 1956 despite higher-than-usual imports. The deficiency in supply is attributed mainly to reductions in production of wheat, potatoes, and other important vegetable crops which more than offset higher production of fruits, beans, dairy products, and meat.

Despite the reduction in total food supply, Chile's agricultural exports and year end stocks on January 1, 1958 were estimated to be higher than a year earlier due to lower consumption of vegetables, sugar, and fish products. Increased supplies, particularly of fruit and beans, with reduction in high port cost and export surcharges, contributed to some rise in foreign sales. Year end stocks include larger than usual reserves of wheat, potatoes, vegetable oils, and fruit.

During 1957, Chile's economic situation improved as the country continued a second year of adjustment under its stabilization program. Despite some relaxation of government price controls, the rate of increase in cost of living is expected to be reduced for the second year. However, a continuation of the decline in world price for copper, Chile's principal export commodity, will present serious problems for the economy during the months ahead.

Production

Late winter frost and spring and summer drought reduced yields of Chile's early grain and vegetable crops during 1956-57. Planted wheat area declined for the second year due to rising production costs, credit restrictions, and unfavorable prices. Shifts in wheat area contributed to an increase in oats, beans, and sunflower seed. However, total production of important grains and vegetable crops were more than 2 percent below the previous year with serious deficits of wheat, potatoes, and fresh vegetables.

Late summer rains helped recovery of pastures and late crops. Deciduous and dried fruit production was nearly 7 percent above a year earlier. Citrus production recovered to near normal following freezes of the two preceding years. Improved yields accounted for near record production of corn and sunflower seed. Relaxation of price and marketing controls contributed to an increase in output of livestock products, particularly fresh milk.

In recent months the Chilean Government, realizing the need to increase agricultural production, has reoriented its price policy. Producer prices for 1957-58 crops of wheat, rice, sunflower seed and other basic commodities

under price control were advanced about 40 percent above those of the previous year. These price increases represent adjustments, to compensate for rising production costs and to encourage expanded production, particularly of wheat.

Chile: Production of, and trade in important food commodities, 1956 1/ and 1957 2/

Commodity	Production 1956	Production 1957	Trade 3/ 1956	Trade 3/ 1957
		1,000 short tons		
Wheat	1,154	1,090	-327	-343
Other grains 4/	404	412	24	33
Potatoes 5/	712	701	-	11
Pulses	122	119	30	37
Onions and garlic	126	122	18	13
Other vegetables	312	298	-	-
Milk 6/	483	496	-11	-9
Butter	7	7	-1	-1
Cheese	17	17	-	-
Eggs	34	33	-	1
Fruit: citrus	46	55	-20	-23
Other 7/	252	270	13	15
Sugar, raw	11	22	-259	-237
Edible oil 8/	22	24	-36	-39
Meat 9/	131	132	-26	-33
Animal fat 10/	19	19	-3	-2
Others	281	254	-21	-27

1/ Preliminary. 2/ Estimated. 3/ Minus sign denotes imports.
4/ Based on rough grain, includes rice, barley, oats, corn, rye and their sub-products.
5/ Includes Irish and sweet potatoes.
6/ Fresh whole milk basis, excluding butter and cheese.
7/ Grapes for wine manufacture not included.
8/ Includes crushing of domestic oil during the period
9/ Meat from cattle, sheep, goats, and pigs.
10/ Includes lard, tallow, and other animal fats.

Other measures have been initiated to encourage Chile's crop and livestock production. Machinery, fertilizers, and other important production supplies have been granted some exemption from regulations which restrict expansion of bank credit. A new organization, "Agro Servico", was recently created to assist farmers in improving agricultural practices. The Ministry of Public Works is engaged in an intensive program to expand area and capacity of crop irrigation systems.

Imports

Wheat, sugar, cotton, vegetable oils, meat (including live animals), citrus fruit and beverages were Chile's principal imports during 1957. Larger-than-normal imports contributed to some increase in year-end stocks of wheat and edible oils. Imports of citrus fruit, meat, and beverages were well above a year earlier in contrast to some decline in sugar and milk products.

During the year, increased production in Argentina with their current trade indebtedness to Chile encouraged a rise in imports from that country. Argentina supplied all of the meat and over one-half of Chile's imports of wheat and edible oils. Substantial quantities of the latter 2 commodities were also purchased from the United States under Public Law 480.

The Chilean Government removed a number of import restrictions during 1957 in its program to reduce inflation. Government import monopolies were abolished for all commodities except wheat and meat. Free trade is now permitted on essential import commodities (poultry, eggs, fresh fruits and vegetables, sugar, dairy products, and beverages) upon issuance of a certificate of necessity by Chilean authorities. Under new regulations, the Ministry of Finance is authorized to suspend customs duties and taxes as necessary to assure adequate supplies of those commodities.

The current shift to private trade has placed increased emphasis upon the exchange rate, credit policies, and import duties to provide needed restrictions upon Chile's agricultural imports. The Commodity (bank) exchange rate advanced from 535 to 676 Chilean pesos per U.S. dollar during the period from January 1 to October 1, 1957. Advanced deposits, which range from 5 to 150 percent of value for most agricultural commodities, are an important limitation to import in view of Chile's restrictive credit policy. Chile has maintained a high import surcharge to equalize tariff duties with inflated domestic prices since installation of a free exchange system in April, 1956.

Exports

Chile's 1957 exports of agricultural products are expected to be substantially above the low levels of the previous year. Larger exports are attributed to increases in the exchange rate, to reduction in high export duties and port charges, and to a general increase in available supplies particularly of fruit and pulses. These changes permitted an increased volume of Chilean products to compete in world markets despite increasing production costs and some decline in world prices.

Countries of Western Europe and to some extent, the United States provide important markets for Chile's export surplus of fruits and pulses. Barley and oats are less important exports and their sales are limited, largely, to countries having trade agreements with Chile.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

FATP 4-58
January 15, 1958

FINANCIAL DIFFICULTIES OF IMPORTANT COUNTRIES MAY AFFECT DOLLAR SALES OF U. S. FARM PRODUCTS

There was a continuance during the July-September quarter of 1957 of the trends in the development of the gold and dollar assets 1/ of foreign countries which had become evident in the previous fiscal year.

Total gold and dollar assets of foreign countries decreased in that quarter by a small amount, $19 million. The drop would have been greater had it not been for $269 million drawn by foreign countries from the International Monetary Fund (IMF). As in the last fiscal year, a few countries added to their dollar assets. Several other major countries experienced considerable further declines in these assets, mainly because of inflationary pressures. Most of the countries with relatively small gold and dollar assets were unable to improve their financial situation.

In the few countries that have been able to achieve a favorable dollar position, the opportunities for expanding the dollar market for U. S. farm products have, in general, improved. In many of the other countries, however, the difficulties encountered in the development of markets for U. S. agriculture are likely to continue; and in some of them, these difficulties may even increase.

Trends Since the Suez Crisis

The overall trend in payments position of foreign countries in the 5 quarters, July 1956 to September 1957, differed greatly from that prevailing in the earlier part of the 'fifties.

Between January 1, 1950 and June 30, 1956 the foreign countries increased their gold and dollar assets by $12.7 billion and reduced their indebtedness to the IMF by more than 75%. These improvements were mostly the result of large net dollar receipts of foreign countries from the U. S.

1/ Official gold, and official and private dollar holdings as reported by U. S. banks and U. S. Government bonds and notes of more than one year maturity.

Prepared in International Monetary Branch

In the next 5 quarters (June 30, 1956-Sept. 30, 1957) foreign countries added $1.1 billion to their gold and dollar assets, but only because of $1.5 billion drawings on the IMF. Part of these drawings and newly mined gold were used to finance a deficit of about $500 million in their trade and payments with the United States.

During those 5 quarters, 10 countries each suffered losses of gold and dollars in excess of $50 million, or together a loss of $3.6 billion. Through drawings on the IMF, they reduced these losses to $2.3 billion. On the other hand 8 countries increased their gold and dollar assets by more than $50 million, or together by $3.4 billion.

Gold and dollar assets: Changes in foreign countries, June 30, 1956 to September 30, 1957

- - - Million dollars - - -

8 countries gained - - - - - - - - - - - - -		3,377
10 countries suffered losses of- - - - - -	3,616	
but obtained through IMF- - - - - - - - - -	1,343	
Thus their net losses were		-2,273
All other countries lost - - - - - - - - - -	155	
but obtained through IMF - - - - - - - - -	166	
Thus they gained (net)		+ 11
Total net gain (all countries) - - -		+1,115

The major changes of the gold and dollar assets of individual foreign countries between June 30, 1956 and September 30, 1957 were as follows:

Countries that gained more than $50 million:	Increases since June 30, 1956
	- Million dollars -
West Germany	1,324
Venezuela	870
Canada	476
Switzerland	232
Italy	205
Austria	104
Norway	84
Sweden	82
Total	3,377

--CONTINUED--

Countries with losses in excess of $50 million:	Losses	IMF Drawing	Net changes since June 30, 1956
		- - - Million dollars - - -	
France (published assets)	1,015	262.5	- 752.5
United Kingdom	991	561.5	- 429.5
Japan	594	125.0	- 469.0
Netherlands	254	69.0	- 185.0
Argentina	238	75.0	- 163.0
India	199	200.0	+ 1.0
Belgium-Luxembourg	110	50.0	- 60.0
Brazil	84	--	- 84.0
Spain	66	--	- 66.0
Philippine Republic	65	--	- 65.0
Total	3,616	1,343.0	-2,273.0

Countries Which Increased Their Assets

West Germany: A phenomenal increase raised West German gold and dollar assets to more than $4.0 billion. This resulted mainly from West Germany's large trade and payments surplus in the European Payments Union (EPU) and, during the third quarter of 1957, to some extent to the inflow of speculative capital from several other European countries.

In addition to building up large gold and dollar assets, West Germany accumulated the following large Central Bank credit balances in the EPU and in Sterling countries:

	Amount on September 30, 1957
	- - - Million dollars - - -
European Payments Union	959
Continental EPU Countries	64
United Kingdom and other Sterling Countries	441
Total	1,464

The growth in German gold and dollar assets continued during October and November 1957, but at a reduced rate. Some of the speculative capital returned to the countries from which it had come.

Estimated gold and dollar holdings, public and private, in foreign countries

Area and Country	June 30, 1956	June 30, 1957	Sept. 30, 1957 p
	- - Million dollars - -		
Continental Western Europe:			
Austria	322	384	426
Belgium-Luxembourg (& Belgian Congo)	1,233	1,144	1,173
Denmark	105	98	139
Finland	87	99	102
France (& dependencies) 1/	1,760	1,005 2/	1,008
Germany (Federal Republic of)	2,753	3,733	4,077
Greece	176	177	152
Italy	1,216	1,325	1,421 3/
Netherlands (& Netherlands West Indies & Surinam	1,168	1,008	983
Norway	173	238	257
Portugal (& dependencies)	602	622	636
Spain (& dependencies)	209	145	143
Sweden	426	499	508
Switzerland	2,424	2,569	2,656
Turkey	151	158	156
Other 4/	1,118	1,200	880
Total	13,923	14,404	14,717
Sterling Area:			
United Kingdom	3,128	3,162	2,699
United Kingdom dependencies	86	100	113
Australia	243	191	197 3/
India	330	324	331
Union of South Africa	246	295	263
Other	215	254	256
Total	4,248	4,326	3,859
Canada	2,756	3,153	3,232

(See footnotes at end of table)

CONTINUED--

Estimated gold and dollar holdings, public and private, in foreign countries

Area and Country	June 30, 1956	June 30, 1957	Sept. 30, 1957 p
		- - Million dollars - -	
Latin America:			
Argentina	476	345	313
Bolivia	25	24	29
Brazil	542	468	458
Chile	148	132	118
Colombia	224	263	244
Cuba	566	560	583
Dominican Republic	81	98	70
Guatemala	93	97	87
Mexico	527	508	538 3/
Panama	95	136	130
Peru	115	110	96
El Salvador	73	81	65
Uruguay	284	249	244
Venezuela	737	1,452	1,607
Other	168	151	159
Total	4,154	4,674	4,741
Asia:			
Indonesia	171	168	220
Iran	169	173	187
Japan	1,171	756	702
Philippine Republic	306	249	241
Thailand	254	280	276
Others	699	774	777
Total	2,770	2,400	2,403
Eastern Europe 5/	300	296	293
All Other:			
Egypt	236	246	242
Other	140	162	155
Total	376	408	397
Total foreign countries	28,527	29,661	29,642
International Institutions	4,067	3,086	2,906
Total	32,594	32,747	32,548

p Preliminary
1/ Excludes gold holdings of French Exchange Stabilization Fund
2/ Does not include $286 million of gold loaned by Bank of France to the French Exchange Stabilization Fund on June 26, 1957
3/ Includes latest reported figures for gold reserves, as follows: Italy (July 31); Australia (June 30); and Mexico (July 31)
4/ Includes Yugoslavia, Bank for International Settlements (both for its own and European Payments Union account), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.
5/ Excludes gold reserves of the U. S. S. R.

Source -- Federal Reserve Board

Venezuela: Venezuela more than doubled its gold and dollar assets during the 5 quarter period because of a large inflow of mineral exploration capital,and to increased oil exports.

Canada: Canada's gold and dollar assets increased steadily between June 30, 1956 and September 30, 1957 due mainly to a large inflow, during that period, of long-term capital, particularly for portfolio investments. During the peak of the capital inflow the premium on the Canadian dollar reached a high of over 6 percent (August 1957). Subsequently, the capital inflow slowed down and the premium of the Canadian dollar dropped to about 3 percent in the latter part of September and to 1 percent in the last week of December 1957.

Switzerland: Switzerland further added to its already large gold and dollar holdings mainly as a result of favorable capital movements.

Italy and Austria: These countries both increased their gold and dollar assets and maintained their stable currency positions.

Norway and Sweden: Gold and dollar assets of these countries rose 49 to 19 percent, respectively. Large freight earnings due to increased freight rates, following the closure of the Suez Canal, greatly contributed to their payments surpluses.

Countries That Lost Gold and Dollar Assets

France: The published gold and dollar assets of France declined by over $1.0 billion or 58 percent during the 5-quarter period. Part of this loss was offset by IMF drawings of $262.5 million. Strong inflationary pressures, together with the Algerian crisis and a surging investment boom, have contributed to the deterioration of the French balance-of-payments. Some remedial measures were taken during the second half of 1957, including a "de facto" devaluation of the French franc by 20 percent.

United Kingdom: During the 5 quarters the United Kingdom's gold and dollar assets declined by almost $1.0 billion. More than half of this, however, was compensated for by an IMF drawing of $561.5 million. Those losses, which occurred although the United Kingdom had a payments surplus on current account, were caused largely by the outflow of capital, which was partly speculative and partly to finance the development of sterling countries. To strengthen its monetary position, the United Kingdom increased the Bank of England discount rate in September 1957 from 5 to 7 percent, reduced government expenditures and took other internal measures. The result has been a marked improvement in its financial position. The official sterling rate rose from a low of $2.78 in August 1957 to almost $2.81 on December 3, 1957. The rate for transferable sterling rose in the same period from $2.7510 to over $2.79.

Japan: The rapid decline (39 percent) of Japan's gold and dollar assets was brought about by a large trade imbalance resulting from the investment boom. Japan made an IMF drawing of $125 million in the third quarter of 1957, which offset part of its earlier dollar losses. Japan also secured a line of credit from the Export-Import Bank in the amount of $175 million for the purchase of selected agricultural commodities.

Netherlands: Strong inflationary pressures and the outflow of speculative capital resulted in a decline of the Netherland's gold and dollar assets. To alleviate its exchange difficulties, the Netherlands drew $69 million from the IMF and more recently instituted internal remedial measures. By the end of 1957 its gold and dollar assets probably have again increased beyond $1 billion.

Argentina: Argentina has continued to lose gold and dollar assets. Their decline was caused in part by a widening trade deficit, and in part by the financial burden of commercial arrears and reducing large bilateral debit balances with Western European countries. Argentina's exchange position was eased by a drawing on the IMF of which it recently became a member.

India: India's gold and dollar assets declined during the 5 quarters by $199 million, but this loss was offset by a drawing of $200 million on the IMF. During the same period, India drew heavily on its once large sterling reserves which caused them to decline from $1567 million on June 30, 1956 to $740 million on September 30, 1957. India's gold reserves have remained at $247 million since 1949. India's reserve losses are the result of the import requirements of its economic development programs.

Belgium-Luxembourg: Belgium-Luxembourg experienced a capital outflow of about $100 million during the second half of 1956 but an increase (from 3.0 to 3.5 percent) in the discount rate brought the drain on its gold and dollar assets to an end during the first half of 1957. About one half of the exchange losses were replaced by a $50 million drawing on the IMF.

Brazil, the Philippine Republic and Spain experienced exchange losses because of inflationary pressures.

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

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FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service — Washington D.C.

F A T P 5-58
January 21, 1958

U.S. BENEFIT FROM GROWING JAPANESE MARKET DEPENDS UPON 2-WAY TRADE

Continuing expansion of Japan's economy represents a great opportunity for U.S. agricultural producers.

The expansion means that Japan will need to increase its imports and exports. And American traders, who have been fortunate in being able to supply Japanese needs in the past, can share in the growing market of the future if Japan is given a chance to earn the dollars necessary to buy from the United States.

Japan does not have abundant natural resources, and therefore must both import and export to live. It must bring in large quantities of foodstuffs for a growing population, as well as of raw materials, including those produced by agriculture, to supply industries employing many millions of Japanese.

Such imports must be paid for by Japanese exports of manufactured and semimanufactured materials.

Japan's imports valued at more than $1,000,000 from the United States in 1956, more than 40 percent of which consisted of farm products, was a valuable business for American producers and traders. It was particularly valuable because it was dollar business.

As long as not all world currencies are freely convertible, Japan can be expected to buy from countries likely to buy Japanese products in return. Japan's economic strength is based upon foreign trade and it must sell to the United States if it is going to continue to be a good market for American products.

U.S.-JAPAN AGRICULTURAL TRADE

Japan was the second largest buyer of U.S. farm products in 1956. It was the largest buyer in each of the previous 4 years.

> In 1956 Japan was the largest foreign buyer of U.S. cotton, wheat, barley, soybeans, and hides and skins. It was the second largest buyer of U.S. tallow.
>
> The United States also sells substantial quantities of corn and tobacco to Japan.
>
> U.S. exports of agricultural commodities to Japan averaged about $400 million annually during the 5 years, 1952-56. This was 12 percent of U.S. agricultural exports to all countries, and 57 percent of U.S. exports of all commodities to Japan.

Japan is not a major world agricultural exporter. It ranked twenty-second as a source of U.S. agricultural imports in 1956.

> In 1956 U.S. agricultural imports from Japan amounted to $41 million, or 1 percent of all U.S. agricultural imports.
>
> Raw silk accounts for three-fourths of U.S. agricultural imports from Japan.

During the 5 years 1952-56, the United States has been the leading supplier of Japanese agricultural imports.

> Japanese imports of all agricultural commodities from the U. S. averaged about $425 million or 30 percent of total agricultural imports from all sources.
>
> In most years since 1950 the United States has been the principal source for Japan's imports of cotton, wheat, barley, soybeans, hides and skins, tallow, corn, and tobacco.

During the same period the United States has been the major market for Japanese agricultural exports.

> In recent years the United States has bought more than half of Japan's exports of raw silk - by far the leading agricultural export of Japan.
>
> Tea, fruits, and flour are also significant agricultural exports from Japan. The United States buys substantial quantities of tea and canned mandarin oranges, but is not the leading buyer of any of these items.

TOTAL U.S.-JAPAN TRADE

During the 5 years 1952-56, Japan ranked among the 4 leading markets for all U.S. export commodities.

All exports of U.S. commodities to Japan averaged about $700 million annually, or 4.4 percent of total U.S. exports to all countries.

The next 3 most important markets were Canada, Mexico, and the United Kingdom, in that order. Canada was far in the lead for second place.

During the same period 1952-56, Japan moved steadily upward in rank as a supplier of U. S. imports of all commodities - from thirteenth place in 1952 to fifth place in 1956.

Imports of all commodities from Japan averaged $345 million annually, or 3.2 percent of total U. S. imports from all sources.

Canada, the United Kingdom, Brazil, and Venezuela ranked ahead of Japan in that order in 1956.

During the same period, the United States was both the leading supplier of Japanese imports and the major market for Japanese exports.

Japanese imports of all commodities from the United States averaged about $840 million annually, or 34 percent of total Japanese imports from all sources. In 1956 Japan's imports from the United States exceeded $1,000,000,000.

Japanese exports of all commodities to the United States averaged $345 million annually, or 20 percent of total Japanese exports to all countries.

JAPAN'S TRADE GAP WITH THE U.S.

For the past 10 years Japanese imports from the United States have far exceeded exports to the United States.

During the 5 years 1952-56, the trade gap amounted to about $500 million annually.

During January-October 1957 the trade gap increased to $925 million.

Since 1951 Japan has earned additional dollars by providing goods and services to the U.S. armed forces in that country.

These "special dollar receipts" have more than offset the trade deficit with the United States; they averaged $660 million annually during 1952-56.

Special dollar receipts are likely to be less in the future because of the recent substantial reduction in U.S. forces in Japan.

JAPAN'S ECONOMIC SITUATION

Japan is a country of islands and slightly smaller than California. It has a population of 91,000,000 and limited natural resources.

Only 15 percent of the land area is arable, and population density exceeds 4,200 persons per square mile of cultivated land.

Japan is poorly endowed with most of the basic raw industrial materials.

Japan is dependent upon foreign trade more than most other countries of the world. Its economy thus is especially sensitive to foreign market conditions. It imports 20 percent of its food supply, and about 60 percent of its industrial raw materials.

SUMMARY

Having limited natural resources, Japan must import large quantities of foodstuffs and industrial raw materials to feed its growing population and supply industries which employ a large and growing segment of the Japanese people.

Like any country, Japan must export in order to import.

For several years the United States has enjoyed a large share of the large Japanese import market.

Japan's imports from the United States have been paid for, in large part, with dollars earned by providing goods and services to the U.S. military establishment in that country.

If these "special dollar receipts" decline in the future, as expected, the United States must either buy Japanese goods in increased volume or be prepared to lose a valued market.

The Japanese market will remain open to U.S. suppliers only if Japanese exporters are permitted reasonable access to the U.S. market.

Table 1.--United States: Total trade with Japan for calendar years 1950-56

Year	U. S. exports to Japan	U. S. imports from Japan	Excess of exports
	--Million dollars--		
1950	416	177	239
1951	593	200	393
1952	620	227	393
1953	668	260	408
1954	677	276	401
1955	642	416	226
1956	887	548	339

Foreign Agricultural Service

Table 2--United States: Exports, agricultural and total, by selected countries of destination, calendar years 1950-56.

Year	Total	Japan	United Kingdom	West Germany	Canada	Netherlands
			--Million dollars--			
Agricultural Exports						
1950	2,873	349	265	358	248	134
1951	4,040	420	501	366	300	158
1952	3,427	429	274	279	259	159
1953	2,844	367	296	219	246	134
1954	3,046	418	363	267	298	246
1955	3,195	386	377	242	282	243
1956	4,158	392	422	366	341	273
Total Exports						
1950	10,142	416	504	423	1,948	221
1951	14,879	593	893	512	2,516	283
1952	15,039	620	669	435	2,710	272
1953	15,652	668	579	348	2,941	251
1954	14,998	677	681	483	2,700	414
1955	15,413	642	915	587	3,134	472
1956	18,838	887	891	773	3,900	560

Foreign Agricultural Service

Table 3.--Japan: Selected agricultural imports, from all sources, and from the United States, average 1951-55, calendar 1956, and January-October 1957.

QUANTITY

Commodity	Average 1951-55 Total	Average 1951-55 From U. S.	1956 January-December Total	1956 January-December From U. S.	1957 January-October Total	1957 January-October From U. S.
	--1,000 metric tons--					
Wheat	1,895	1,114	2,277	1,080	1,861	1,033
Rice	1,107	216	760	20	317	1
Barley	775	335	922	399	776	155
Corn	169	107	345	135	408	217
Tobacco	8	4	6	4	2	1/
Hides and Skins	49	28	76	50	60	41
Soybeans	448	376	717	536	690	497
Cotton 2/	2,042	809	2,761	979	2,316	1,243
Tallow	82	76	106	95	110	89

VALUE

Commodity	Average 1951-55 Total	Average 1951-55 From U. S.	1956 January-December Total	1956 January-December From U. S.	1957 January-October Total	1957 January-October From U. S.
	--Million dollars--					
Wheat	158	96	165	76	137	77
Rice	193	42	108	3	44	3/
Barley	63	26	62	27	52	9
Corn	13	9	26	10	29	15
Tobacco	9	6	8	8	4	1/
Hides and Skins	27	14	31	19	24	15
Soybeans	58	48	85	62	81	58
Cotton	406	156	451	160	360	186
Tallow	17	16	22	20	24	19
Total	944	412	958	386	754	4/ 380

1/ Not available.
2/ 1,000 bales of 480 pounds net.
3/ Less than $500,000.
4/ Not including value of tobacco.

NOTE: Because of rounding, figures do not always add to totals shown.

Table 4.--Japan: Agricultural imports from specified sources, average 1951-55.

Source	Total Imports	AGRICULTURAL Total	Competitive 1/ Total	Competitive 1/ 9 Items 3/	Competitive 1/ Other	Non-Competitive 2/	Non-agricultural
United States	768	434	434	412	22	1	334
Mainland China	38	28	28	15	13	1	9
Taiwan	64	60	55	16	39	5	4
Thailand	66	64	64	59	5	4/	2
Burma	44	44	44	40	4	4/	4/
India	66	23	22	17	5	4/	43
Pakistan	75	75	75	67	7	4/	4/
Canada	110	78	78	72	6	4/	32
Mexico	89	86	86	85	1	4/	3
Brazil	44	43	41	30	11	3	1
Argentina	38	35	35	19	16	0	3
Egypt	34	26	26	25	4/	0	8
Australia	148	136	136	19	117	4/	12
Others	677	264	197	68	131	65	414
Total	2,261	1,396	1,321	944	377	75	865

1/ Commodities of the kind that the U. S. produces and can or does supply.
2/ Commodities not produced by the U. S.; e.g. rubber, coffee, bananas.
3/ The following nine items constitute 95 percent of Japan's agricultural imports from the U. S.: Wheat, Rice, Barley, Corn, Tobacco, Hides and Skins, Soybeans, Cotton, and Tallow.
4/ Less than $500,000.

NOTE: Because of rounding, figures do not always add to totals shown.

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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 6-58
February 6, 1958

MALAYA MAY INCREASE ITS AGRICULTURAL IMPORTS FROM THE U.S.

The Federation of Malaya may have more dollars available for imports from the United States since it became an independent country within the British Commonwealth in August 1957.

Malaya's tin and rubber exports used to earn many dollars, but only a small share of those earnings were returned for its own use. Now, however, Malaya may have more of this currency for trade with the dollar area. Plans for expansion of the Malayan cotton textile and cigarette industries should tend to increase imports of U.S. cotton and tobacco during the next few years.

The Federation Government's policy aims at diversification in agriculture and self-sufficiency in locally grown food products.

AGRICULTURAL SITUATION AND OUTLOOK

Rubber: Malaya produced over 635,000 metric tons of rubber in 1956-57, and 1957-58 production is expected to be about the same. One-fifth of the total area of Malaya is under cultivation; almost two-thirds of this cultivated area--3½ million acres--is devoted to rubber (see Table 1).

Rubber has brought relative prosperity to the country, but dependence on one crop results in a "feast or famine" depending upon crop outturn and the world market. Malaya is one of the few countries replanting rubber plantations with high-yielding varieties. This should eventually lower production costs enough to make Malaya's natural rubber competitive with synthetic rubber. Rubber will continue to be Malaya's principal crop even though some diversification in agriculture may be achieved.

NOTE: As used in this circular the term Malaya includes the newly independent Federation of Malaya and the British Crown Colony of Singapore. The term Federation of Malaya is used when Singapore is not included.

Grains: The 1957-58 rice crop probably will not come up to the bumper crop of 495,000 metric tons (milled) in 1956-57. Rice is Malaya's main food crop and the only cereal Malaya produces or imports to any extent (see Table 2). However, domestic demand is so great that roughly one-half of annual requirements must be imported. Most rice imports come from Thailand, which grows the type preferred by Malayans.

Rice acreage is not likely to expand, as suitable land is not available. Any production increase will have to come from intensive, rather than extensive, cultivation. Per capita consumption was estimated at 310 pounds in 1956.

Corn is the second most important grain grown, but is usually eaten fresh. Use of wheat flour has gradually increased in recent years, and the increase probably will continue. Most of the flour is used by bakeries, and cracker and noodle manufacturers. There is little baking in homes because of lack of facilities.

Fruits, vegetables and nuts: Malayan fruit acreages and production have increased as a result of the Federation Government's program encouraging local production of food. Malayan fruits are popular but seasonal, necessitating imports, more than half of which is citrus. California oranges are the most popular orange import.

Malaya's pineapple industry declined to a low point in 1956 because of increased competition, and labor problems. Labor has resisted the use of automatic machinery, and with a variable-quality product the Malayan pineapple industry is at a disadvantage. The canned pineapple industry is not expected to expand unless the quality of products can be stabilized and labor difficulties overcome.

The Chinese in Malaya have been the specialists in growing of vegetables and have had remarkably high yields using their own farming methods. In 1956, an estimated 500,000 metric tons of fresh vegetables were grown locally, while 200,000 metric tons were imported. Per capita consumption is estimated at 210 pounds.

As they have several home uses and do not require immediate processing, coconuts are cultivated mainly by smallholders; production has been low and of poor quality. The Federation Government has tried to help growers to improve quality and increase output, but this is a long-term program.

Coconut oil production increased to 150,000 metric tons during 1956, which was 30 percent greater than the 1951-55 average. This was partly due to increased trade with neighboring Indonesian islands as a result of political troubles in Indonesia. Output of coconut oil may further increase in 1958. Copra production is not expected to change from usual output.

Acreage of oil palms increased from 78,256 acres in 1940 to 115,000 acres in 1956, but production actually decreased slightly over the period and totaled 57,000 metric tons in 1956. A number of the producing trees are old, and newly planted areas are not yet producing. Production should increase rapidly as the younger trees begin to bear.

An estimated 250,000 metric tons of cassava roots were produced in 1956. Much of this was used domestically. Due to a Federation export duty of 5 percent ad valorem on shipments of tapioca flour, much of the flour produced from the cassava root is believed to have been exported as sago flour, on which there is no export duty.

Coffee, tea, cocoa, and spices: Acreage planted to coffee has expanded, but Malaya is still not self-sufficient in coffee and must therefore import part of its requirements. Annual per capita consumption is about 3 pounds.

Tea acreage increased slightly from 1940 to 1956, from 8,898 acres to 9,270 acres. Production totaled 5 million pounds in 1956.

Cocoa appears to be Malaya's most promising crop and one that will provide further agricultural diversification. Growth of recent plantings has been reported satisfactory; but as cacao production is a new industry in Malaya, it is not yet possible to gauge future yields and compare them with production of other countries.

Spice acreage in 1956 was about 53,600 acres. Arecanut and pepper are about the only two export crops. Chillies, tumeric, ginger, nutmeg, and clove are grown on a small scale for the domestic market.

Sugar: Sugarcane was once a major crop in Malaya, but rubber has taken its place. At present there are no sugarcane plantations or commercial sugar mills in Malaya. About 7,000 acres were planted with cane in 1940, but by 1956 there were less than 2,000 acres. Per capita consumption of sugar, not including palm sugar, is estimated at 66 pounds. Because of preferential tariffs, most imports come from the United Kingdom and Hong Kong.

Tobacco: Although production and prices are low, tobacco is important as a cash crop, usually grown in rotation with garden vegetables or as an off-season crop on rice farms. Production is estimated at slightly under 4 million pounds. At present, there is not enough difference in the duty on imported cigarettes and leaf tobacco to encourage the Malayan cigarette industry; but the industry hopes to benefit from the Federation Government's policy of encouraging all local industries.

Meat and poultry: Cattle-raising is limited by the unfavorable climate and lack of natural grazing lands. Much headway has been made, however, in pig and poultry production. These livestock operations tie in with vegetable gardening. Estimated consumption of meat and meat products during 1956 was 100,000 metric tons, 85 percent of which was locally produced. Per capita meat consumption is estimated at 31 pounds, per capita fish consumption at 65 pounds.

Dairy products: Fresh milk production is increasing, but the bulk of Malaya's dairy products has to be imported. British Commonwealth countries are the major suppliers of Malayan dairy-product needs, partly because of preferential tariffs which are in effect. In 1956, Australia and New Zealand accounted for 45 percent, the United Kingdom about 20 percent, the Netherlands and Denmark about 33 percent, and the United States less than 1 percent.

Table 1.--MALAYA:[1/] Acreage and production of selected crops, 1955-57

Crops	Acreage 1955	Acreage 1956	Production 1955	Production 1956	Production 1957[2/]
	1,000 acres	1,000 acres	1,000 metric tons	1,000 metric tons	1,000 metric tons
Rubber	3,525	3,517	649	637	637
Rice (milled)	891	876	427	495	457
Coconut (copra)	503	525	3/ 183	3/ 196	3/ 178
Palm oil	111	115	57	57	61
Pineapples	35	45	130	150	140
Cassava	32	37	3/ 250	3/ 252	3/ 250
Sweet potatoes	21	20	89	96	90
Coffee	13	13	3	4	4
Tea	9	9	2	2	2

1/ Includes Federation of Malaya and Singapore.
2/ Preliminary.
3/ Includes estimates for home use not reported in commercial production.
Source: Federation of Malaya and Foreign Agriculture Service estimates.

Table 2.--MALAYA:[1/] Imports and exports of selected agricultural commodities, 1954-56

Commodity	1954 Imports	1954 Exports	1955 Imports	1955 Exports	1956 Imports	1956 Exports
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
Rubber	349.7	929.8	368.1	1,010.1	371.7	999.0
Rice (milled)	321.2	49.4	547.7	55.6	591.5	72.8
Copra	134.5	65.9	119.4	43.1	123.8	40.0
Coconut oil	.7	80.5	.7	93.0	1.2	105.9
Palm oil	.4	51.1	1.9	55.6	3.4	59.5
Pineapple, canned	2/	21.9	2/	28.2	2/	30.9
Sago flour and pearl	17.8	51.4	11.2	40.2	10.8	37.0
Wheat flour	126.6	10.3	135.8	10.7	155.7	10.5
Sugar	162.3	14.3	196.1	22.7	236.4	28.5
Milk, condensed and sweetened 3/	49.6	2.3	57.4	2.5	63.8	2.2
Fruits, fresh	45.0	3.8	48.0	4.0	49.3	3.0
Vegetables, fresh, dried, and preserved	41.8	3.3	44.0	4.0	50.5	3.5
Pepper	18.4	17.9	25.5	22.3	33.9	32.0
Coffee	17.4	17.2	13.4	10.0	35.1	29.3
Tea	11.1	9.3	10.2	7.5	7.1	6.1

1/ Includes Federation of Malaya and Singapore.
2/ Less than 0.5 ton.
3/ Converted from cases at the rate of 42 pounds per case.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 7-58
February 27, 1958

BURMA'S AGRICULTURAL PRODUCTION DOWN FROM HIGH 1956-57 LEVEL

Burma's agricultural production and exports for 1956-57 quantity-wise were the highest since 1940-41, however, both remained below prewar. Drought has adversely affected 1957-58 crop prospects.

Burma has abundant arable land. The chief deterrent to increased production in recent years has been rural civil disturbance.

In December 1957 Burma obtained a $5.4 million U.S. loan for a 4-year program to reclaim 1.2 million cultivatable acres in the Delta region, and provide flood control facilities for an additional 1 million acres now productive.

In 1956-57, the first year of the 4-year plan, 270,000 acres were reclaimed and 18,000 families were settled on the reclaimed land. The work schedule of the next 3 years will include reclamation of an annual average of 315,000 acres.

Crop Situation, 1956-57: Rice, Burma's main crop, was good, surpassing recent years. Other Burmese agricultural exports--raw cotton, pulses, rubber, oilseed cake, teak and hardwood--were maintained at satisfactory levels.

1957-58 Crop Outlook: Burma's 1957-58 agricultural prospects could be better. Late arrival of the monsoon adversely affected cotton, and early sesame and peanuts, and failure of the "golden rains" in October hurt the rice. However, a slight quieting of civil disturbance has brought some additional acreage back into production. There are government programs to increase rice acreage in 1957-58.

Stocks: The stock situation for 1957-58 is generally healthy. Old stocks are greatly reduced or depleted, and export demand is good for rice, pulses, teak and rubber. The large stocks of old-crop rice, damaged rice, brokens and brans were exported in 1955-56 and 1956-57. Favorable pricing to compete more with wheat on the world market enabled Burma to dispose of all its 1957 crop, even damaged rice. More realistic pricing has resulted in some stockpiling in importing countries.

Supply Prospects: Prospects at the beginning of the 1957-58 season indicated there would be supplies of most commodities such as pulses and cotton, and to lesser extent, sugar, corn, root crops, vegetables, fruits, meat and eggs to meet domestic needs.

It also appeared there would be enough cotton, pulses and corn to meet export demands, at least to the capacity of transportation and dock facilities.

In view of poor rice crops in Burma and nearby rice-importing countries, there will not be enough Burmese rice to meet export demands. It appears Burma may make more cash sales in 1957-58, and will have correspondingly less rice for barter.

Burma should be able to meet the cotton export demand which is expected to be smaller than in 1956-57. Pulse exports are estimated at 112,000 metric tons for 1957-58, and corn exports at 20,000 tons. Burma also is expected to export 12,000 metric tons of raw cotton, 12,000 tons of rubber, and 36,000 tons of teak.

Import Requirements: Burma's 1957-58 need for agricultural imports, including cotton textiles, will drain heavily its limited foreign exchange earnings. The country must import large amounts of textiles, some wheat flour, a much reduced quantity of sugar, edible vegetable oils, and some fruit, fish and dairy products.

Prices: Prices of locally grown commodities are relatively stable, and low compared with world prices. However, the cost of food is high in relation to personal income. Prices of imported food are controlled through government licensing and distribution, and are high on the open market. They are usually too high for the average Burmese to afford.

Rice: Rice dominates Burmese agriculture, and accounts for over 75 percent of total exports by value. The government's monopoly on rice exports is its principal source of revenue. The Monopoly buys the rice at one price, and exports it, usually on a government-to-government basis, at a higher price. Because of the switch from a rice buyers' to a sellers' market in 1956-57, Burma was able to dispose of large carryover stocks. As these stocks disappeared, and cash sales increased, barter transactions were reduced.

The Land and Rural Development Corporation is promoting paddy expansion to increase immediate production by 50,000 tons. The goal is to bring 200,000 acres back into cultivation and increase yields on 100,000 acres now being cultivated, by jungle clearance, flood control and embankments. The cost has been set at 18.3 million Kyats or $3,843,000.

Burma's good rice crop in 1956-57 reached 4.8 million metric tons, milled basis, and the export goal of 2.0 million tons was reached. The 1957-58 crop is reported to be about 20 percent below the bumper 1956-57 level and exportable supplies probably will not exceed 1.5 million tons.

Other Grains and Pulses: Burma's wheat crop, estimated at 10,000 tons, will not meet domestic needs, and it is estimated that 32,500 tons of imports will be needed in 1957-58. Most of this normally would come from Australia, but because of the poor crop in that country, Burma is considering the possibility of obtaining wheat for the first time from the United States.

Production of millets, corn and pulses in 1956-57 was sufficient to meet domestic needs, and 105,670 metric tons of pulses and 20,300 tons of corn were exported. Pulse production in 1957-58 is estimated at 225,000 tons, and export demand is expected to be good.

Oilseeds: Oilseed production in 1956-57 did not supply domestic need, and small amounts of peanut and coconut oil were imported. Even with expanded production, Burma will still be short of vegetable oils in 1957-58. Striving for self-sufficiency, the government hopes to increase peanut acreage by 1.1 million acres to obtain annual peanut oil production of more than 75,000 metric tons. Peanut production is expected to reach 142,000 metric tons, shelled basis, for 1957-58; sesame seed, 50,000 tons; and cottonseed, 50,000 tons. These outputs are expected to yield 32,500 tons of peanut oil, 17,300 tons of sesame oil, and 5,000 tons of cottonseed oil.

In addition to cottonseed oil and soybean oil which Burma may obtain from the United States, the country probably also will import 1,000 metric tons of peanut oil, 10,000 tons of coconut oil, and 1,000 tons of animal fats. Burma would like to import the peanut oil from India, but it is not likely to be available because of unfavorable growing weather there. The coconut oil probably will come from Malaya.

Vegetables, Fruits and Nuts: Burma produces about 900,000 metric tons of vegetables, not including large quantities grown in private gardens. Fruit production is about 530,000 tons, plus 112,000 tons of bananas and 15,000 tons of nuts. Burma produces about all its needs of these crops, and imports only small amounts of canned and dried fruits.

Sugar: Burma is encouraging increased sugarcane production to supply two new sugar mills. Centrifugal sugar production in 1957-58 is estimated at 50,800 metric tons, considerably more than the 33,500 tons in 1956-57. Non-centrifugal sugar output, therefore, will probably decline from the 152,000 tons in 1956-57. Centrifugal sugar imports should not be more than 5,000 metric tons in 1957-58, compared with 15,240 in 1956-57. Burma's demand for sugar is very elastic, however, and all available sugar imports probably can be absorbed.

Tobacco: The demand for Virginia-type, flue-cured tobacco in Rangoon is greater than ever before. All the old stock has been sold, and the coming (1957-58) crop purchased in advance. Imports of U.S. leaf needed for blending with local tobacco in cigarette manufacture, have contributed to the heavy demand. Use of land for tobacco has been curtailed by the government's peanut acreage expansion program.

Cotton: Despite a rather poor crop in 1956-57, Burma produced enough cotton to supply its one textile mill and its hand-loom industry, and still export 13,200 tons. Dry weather has hurt the 1957-58 crop and cotton stocks are low.

In recent months prices of some types of cloth have dropped as much as 50 percent. Large imports of textiles and yarn under Public Law 480 have been an important contributing factor. This retail price drop is significant in view of the fact that cotton textiles are Burma's principal import.

Jute: The Burmese government is seeking self-sufficiency in jute production, and the Land and Rural Development Corporation is helping jute farmers by providing them with fertilizers, pumps and tractors. Jute planting is expected to expand to 9,000 acres in the Maubin and Toungoo districts in 1957-58. The quality jute being produced is considered superior and it might prove financially advantageous to export the high quality raw jute and import cheaper raw jute from East Pakistan.

Dairy Products: Milk and butter production in 1957-58 is expected to equal the 275,000 metric tons in 1956-57. An estimated 22,000 tons of dairy products must be imported in 1957-58. In 1956-57 imports consisting mainly of milk food products and sweetened condensed milk were 20,300 tons.

Meat and Fish: Burma's beef, pork, mutton and poultry output satisfy its limited needs. Production of pork, Burma's chief meat, is estimated at 57,000 metric tons. Burma produces more than 200,000 tons of fish and fish products, but imports an additional 10,000 tons.

FOREIGN AGRICULTURE CIRCULAR

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

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> The Foreign Agricultural Service has just published its annual report (Foreign Agricultural Trade of the United States, Trade by Countries, Fiscal Year 1956-57) showing in detail the geographic distribution of U. S. agricultural exports and imports. This circular gives the export highlights; another will deal with the import highlights.

U. S. AGRICULTURAL EXPORTS GO TO MANY COUNTRIES

U. S. agricultural exports, which reached a record high of $4.7 billion in fiscal year 1956-57, went to more than 130 foreign countries.

The following table gives a breakdown by major areas:

Destination	Value	Percent of total
	$ Million	
Europe	2,455	51.9
Asia	1,232	26.1
Latin America	532	11.3
Canada	374	7.9
Africa	88	1.9
Australia and Oceania	43	0.9
Total	4,724	100.0

Half of U. S. Agricultural Exports Went to Europe

Europe was the largest regional overseas market for U. S. agricultural commodities. Shipments there totaled $2,455 million in 1956-57.

The United Kingdom was not only the best market in Europe but also the largest in the world. Agricultural exports to that country totaled $498 million--more than half in cotton and tobacco. Other prominent items were wheat, corn, and lard.

West Germany was this country's second most important European market, and its third most important in the world. Shipments to that country in 1956-57 totaled $447 million.

One-fourth of U. S. Agricultural Exports Accounted for by Asia

Agricultural exports to Asia were $1,232 million in 1956-57.

Japan was the largest market for U. S. agricultural commodities in Asia and second largest in the world. Shipments in 1956-57 totaled $458 million, principally cotton, wheat, soybeans, tallow, barley, corn, and hides and skins.

The next largest Asian market was India, which took $205 million worth of farm products, including mainly wheat, cotton, and rice. Other notable Asian destinations were Korea, Pakistan, Indonesia, the Philippines, Formosa, and Vietnam, Laos, and Cambodia.

One-fifth of U. S. Farm Exports Marketed in Western Hemisphere

Shipments of U. S. farm products to Western Hemisphere countries amounted to $906 million in 1956-57.

Canada was the largest market in this area, and the fourth largest among all U. S. foreign agricultural outlets. Shipments to Canada totaled $374 million and included over 100 products. Important ones were citrus and other fruits, fruit juices, vegetables, cotton, soybeans, soybean oilcake, corn, and eviscerated poultry.

Among the Latin American nations, Cuba was by far the largest agricultural market, taking products valued at $134 million. Principal items were rice and lard; but Cuba was also a market for hams and shoulders, cotton, wheat, beans, and many other items. Other major markets in this area were Mexico, Venezuela, Chile, Brazil, Colombia, Peru, and Bolivia.

Only 3 Percent of U. S. Farm Exports Went to Africa and Oceania

Egypt and the Union of South Africa were this country's most important agricultural outlets in Africa. Shipments to Egypt totaled $14 million, mainly tallow, wheat, and tobacco. Those to the Union of South Africa totaled $13 million and consisted principally of tallow, cotton, and wheat.

Oceania (including Australia, New Guinea, New Zealand, British Western Pacific Islands, French Pacific Islands, and the Trust Territory of the Pacific Islands) took $43 million worth of U. S. farm products in 1956-57.

Australia was the chief market, taking mostly tobacco and cotton.

Eight Commodities Dominate U. S. Agricultural Exports

The United States markets hundreds of agricultural commodities abroad. Eight of them--cotton, wheat, tobacco, corn, soybeans, rice, soybean oil, and tallow--accounted for two-thirds of the 1956-57 $4.7 billion export value.

Cotton. Cotton--valued at $1,115 million--was this Nation's principal agricultural export in 1956-57. More than half was marketed in Europe, principally in the United Kingdom, West Germany, Italy, and France. However, Japan was the largest single market, taking a total of $219 million. The combined export total for Europe and Japan was $890 million, 80 percent of all cotton exports. Significant quantities also went to Canada, India, Korea, Formosa, and Australia.

Wheat. Wheat was the second most important U. S. export commodity in 1956-57. Exports of grain and flour, exclusive of private relief donations, totaled $931 million. Most of this--$818 million--was in the form of grain. As in the case of cotton, more than half went to Europe. Principal countries were Yugoslavia, the United Kingdom, West Germany, France, Turkey, Greece, the Netherlands, and Belgium. India, however, was this country's largest wheat outlet abroad, taking $114 million worth. Other major non-European markets were Japan, Pakistan, Korea, Brazil, Chile, Bolivia, Peru, Cuba, and Colombia.

Tobacco. Tobacco was the third most important U. S. farm export, with a 1956-57 value of $340 million. Flue-cured leaf constituted 85 percent of the exports. More than half of this leaf went to Europe, mostly to the United Kingdom, largest single tobacco outlet in the world. The $105 million of flue-cured tobacco marketed in the United Kingdom last year was over half of the European total and over one-third of the world total. Other main markets for U. S. leaf included West Germany, the Netherlands, Indonesia, Australia, Japan, Thailand, Denmark, Sweden, Ireland, and Belgium.

Corn. Corn was the fourth most important U. S. export in 1956-57. Export value for the grain alone, excluding private welfare donations, was $209 million, of which $151 million worth went to Europe. Principal destinations there were the United Kingdom, the Netherlands, West Germany, Belgium, and Austria. Outside of Europe, sizable shipments went to Canada, Mexico, and Japan.

Rice. U. S. rice shipments abroad in 1956-57 totaled $173 million. Of this total, $168 million was milled rice containing more than 25 percent whole kernels, shipped mostly to Indonesia, Pakistan, India, Korea, and Cuba.

Soybeans. Last year's value of U. S. soybeans exported as beans amounted to $196 million. Shipments to Europe totaled $99 million, where West

Germany, the Netherlands, and Denmark took most. Largest single market, however, was Japan, which took exports valued at $52 million. Sizable shipments went to Canada and Formosa.

Soybean oil. Soybean oil shipments totaled $145 million in 1956-57, of which almost half went to Spain. Other large outlets were Italy, Greece, and Chile.

Tallow. Exports of edible and inedible tallow in 1956-57 amounted to $111 million, of which edible tallow accounted for $1 million. Seventy-five percent of the edible oil went to Europe (mainly to Italy and the Netherlands) and Japan. Sizable amounts went also to West Germany, Spain, and Turkey. Top value of $20 million for Japan compared with $19 million for Italy, but Italy was the largest volume outlet. Other important takers outside of Europe were Egypt, the Union of South Africa, Mexico, and Cuba.

* * *

Geographic Highlights in 1956-57

...Mexico was the largest U. S. export outlet for breeding cattle.

...Top market for U. S. condensed milk was Vietnam, Laos and Cambodia. For evaporated milk, it was the Philippines; for dry whole milk, Venezuela.

...Venezuela was also the main market for U. S. shell eggs.

...Cuba was the top market for U. S. hams, shoulders, and bacon.

...Korea, Spain, and Venezuela accounted for practically all canned pork exports.

...Three-fourths of the lard exports went to Cuba, the United Kingdom, and Yugoslavia.

...Main markets for fresh apples were Canada, Cuba, and the United Kingdom.

...Three-fifths of U. S. grape exports went to Canada, which is also the largest market for grapefruit.

...Half of the fresh oranges exported from this country were sold to Canada; most of the remainder, to the Netherlands, Belgium, and West Germany.

...European markets, chiefly the United Kingdom, took three-fifths of the dried prune exports.

...Raisins went to many countries, but chiefly to Canada and to Europe where the United Kingdom was the largest single outlet.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

FATP 9-58
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CHANGES IN U.S.-PHILIPPINE TRADE PATTERNS FORECAST

Agricultural production in the Philippines is keeping pace with population growth, but due to increased per capita food consumption, food import needs have increased in recent years.

The Public Law 480 agreement signed in June 1957 for $10 million should increase the U.S. share of the Philippine imported food and fiber market. And as the use of the commodities so supplied become better known, a continuing market should develop, especially for U.S. cotton, wheat, and dry milk solids.

With the rapid development of the Philippine textile industry, there will be fewer cotton textile imports, but more raw cotton imports will be needed, as there is little hope for greatly increased local cotton production.

Evaporated filled milk plants have started operation using dry milk solids, and coconut oil for fat content. This product will likely undersell imported evaporated milk, and if accepted by the consumers will result in a shift from canned milk imports to imports of dry milk solids.

Wheat flour has grown in importance in the Filipino diet, with rolls and bread becoming a popular breakfast food for the urban population. Greater imports of flour, and wheat itself as mills are built, will continue.

The below normal rainfall during November and December 1957 in the rice producing areas is almost certain to reduce the crop. Unofficial estimates forecast rice production as much as 5 percent below last year. Sizable imports of grain, mostly rice, will be needed this year.

Agricultural Outlook and Situation

General food supply, 1956-57: Per capita availability of foods in 1956-57 was approximately the same as the previous year. Even though total production was at a record level, the increase over the previous year was only sufficient to cover the annual increase in population.

Rice and corn are the basic foods in the Filipino diet; however, local supplies have been insufficient for needs in recent years. Inadequate incomes and dietary habits have not allowed substitution of other foods. This has made rice imports necessary.

A good supply of root crops were available throughout the year at relatively low prices. Consumption of other vegetables and fruits were below amounts needed for minimum health requirements, partly because of the unavailability of suitable storage and the lack of facilities for processing surplus crops.

More meat and meat products were available during the year due to greater output of poultry meat and pork. Fish production and imports were both larger than in the previous year.

Slight price reductions were recorded for most foods allowing the cost of living index to decrease one percent. However, higher prices are expected in 1957-58 due to a smaller rice crop, higher imported food prices, and reduced foreign exchange allocations for food imports.

Grains: Rice and corn output were 3 and 1 percent, respectively, larger in 1956-57 than the previous year; however, supplies were inadequate and imports were necessary. Per capita consumption of these grains was lower due to a more rapid increase in population than in production and a decrease in grain imports. The outlook for 1957-58 is not promising; the rice crop is predicted to be lower due to the drought necessitating even larger imports.

Imports of wheat flour in 1956-57 were 247,320 metric tons, or about 16 percent higher than in the previous year. Consumption is on an upward trend and imports are expected to continue at a high level during the present year. Flour prices have remained stable during the past few years and bread has proved to be a good buy in relation to other foods.

Fruits and nuts: Bananas, mangoes, pineapples and citrus are the principal fruits grown in the Philippines. Coconuts, bananas, and peanuts are available throughout the year. Other fruits are seasonal, and due to the lack of storage and preserving facilities, they are available only during the harvest season. Pineapples are an exception but most of these are canned for export. Fruit imports are restricted by limiting foreign exchange allocations.

Coconut products are the major dollar earner of the country, with exports totaling over $17 million. Yields of copra and desiccated coconut were up 10 percent over the previous year. Exports of coconut oil and copra are expected to increase.

Sugar: The second most important dollar earner is sugar. Production could be increased, but is limited to established quotas. Supplies, both for domestic consumption and for export to the United States during 1957 were limited because of a short crop, as well as export leakages and speculation. Centrifugal sugar output is forecast for 1957-58 at 1,106,691 metric tons against a total quota of 1,142,164 tons, indicating a shortage of about 35,000 tons. It is hoped that domestic needs will be less than the amount alloted and that the full commitment for the U.S. will be satisfied.

Fibers: The Philippines is the principal world source of abaca fiber, perhaps better known as Manila hemp. Production increased during the year by 6 percent to 125,015 metric tons, but exports were 5 percent lower at 109,144 tons.

The amount of cotton grown increased in the year, but still represents less than 2.5 percent of the estimated annual consumption. Large imports are expected in the future.

Vegetables and root crops: Sweet potatoes and cassava, the main root crops in the Filipino diet, showed increases over the previous year and there appears to be an ample supply available. Vegetable production was reported at only 15 percent of minimum annual requirements, but as vegetable supplies appeared adequate during the year, it is apparent that production was greater than that reported. Only onions and garlic were in short supply; if storage facilities were available, domestic supplies could be sufficient to meet all demands.

Dairy products: Domestic output of fluid milk is estimated at 23,090 metric tons or only 2 pounds per capita annually. Approximately three-quarters of the milk supply during 1956-57 was imported, mostly in the form of evaporated milk from the U.S. The newly opened filled milk plants using dry skim milk and coconut oil for fat content may tend to increase consumption of milk since it appears to be able to sell at a rate 25 percent lower than imported evaporated milk. It is expected that some change will be made in trade from canned evaporated milk to dry skim milk during the next few years.

Meat and fish products: Meat production during the calendar year 1956 totaled 144,000 metric tons, with little hope existing for any great increase for the next few years. The principal source of protein for the Filipino family is fish. The officially estimated harvest of 394,000 tons is low as it does not include fish caught in rice paddies, ditches, and streams. Canned salmon and sardines are the main types of fish products imported; the U.S. supplied two-thirds of imports in 1956-57.

Tobacco: Virginia tobacco is now the main type of tobacco grown. Official trade estimates place the Virginia crop at 50 million pounds and native types at 46 million during the past year. Since this amount is much in excess of domestic requirements it is expected that some effort will be made to move the surplus through export channels. It is doubtful whether this will be successful because of limited demand for the low quality, high priced Philippine tobacco.

Coffee and cocoa: Area and output of both coffee and cocoa have increased during 1956-57 due to the encouragement of the industries by combined government and private interests. Present plans call for self-sufficiency in coffee and cocoa in five years. Cocoa may possibly become an export commodity one day, but it is doubtful if Philippine coffee could ever compete with Latin American types in quality and price.

Table 1.--PHILIPPINES: Acreage and production of principal crops, 1955-56 to 1957-58

Crop	Acreage 1955-56	Acreage 1956-57	Production 1955-56	Production 1956-57	Production 1957-58 1/
	1,000 acres	1,000 acres	1,000 metric tons	1,000 metric tons	1,000 metric tons
Rice, milled	6,777	6,877	2,128	2,187	2,078
Corn, shelled	3,868	3,875	907	913	915
Coconut	2,451	2,451	2/ 1,245	2/ 1,397	2/ 1,524
Sugar	3/	3/	1,155	1,112	1,197
Abaca	536	572	118	125	130
Fruits and nuts	872	905	780	673	3/
Sweet potatoes	449	453	637	773	750
Vegetables	237	239	221	178	3/
Tobacco	136	199	35	48	54
Cassava	145	144	227	304	300
Peanuts, unshelled	71	70	18	18	16
Coffee	49	53	7	8	9
Cocoa	16	17	2	2	2

1/ Preliminary.
2/ Copra equivalent of all coconut products including estimates for domestic use.
3/ Not available.
Source: Foreign Agriculture Service Estimates.

Table 2.--PHILIPPINES: Imports and exports of selected agricultural commodities, 1955-56 and 1956-57

Commodity	1955-56 Exports	1955-56 Imports	1956-57 Exports	1956-57 Imports
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
Rice, milled	.4	79.1	1/	54.5
Corn	2.4	--	3.2	10.0
Wheat flour	--	212.7	--	247.3
Fruits and nuts	39.3	9.2	79.7	14.3
Meat products	1/	15.4	1/	15.5
Dairy products	--	81.9	--	89.0
Fish	.2	39.6	.1	47.5
Cotton	--	7.0	--	18.7
Coffee	--	2.3	--	2.3
Cocoa	--	1.9	1/	3.7
Fats and oils	88.7	6.3	67.5	6.7
Sugar	845.9	--	810.2	--
Abaca	114.9	--	109.1	--

1/ Less than 50 metric tons.
Source: Foreign Agriculture Service Estimates.

FOREIGN AGRICULTURE CIRCULAR

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FATP 10-58
March 24, 1958

U. S. AGRICULTURAL EXPORTS REACHED CALENDAR YEAR PEAK IN 1957

U. S. agricultural exports climbed to an alltime calendar year high of $4,508 million in 1957, 8 percent above the previous record of $4,169 million attained in 1956.

Previous calendar year peaks in the value of U. S. agricultural exports were $4,040 million in 1951 and $4,093 million in 1919. (The highest 12-month total ever recorded, however, was $4,724 million in the fiscal year ending June 30, 1957.)

Exports in the first half of 1957 were a record $2,410 million. In the second half, however, they were down to $2,098 million. Cotton, wheat, rice, and edible vegetable oils led the decline. Despite the sharpness of the drop, the export rate remained relatively high.

Compared with 1956, shipments of cotton, wheat, and rice in the first half of 1957 were unusually heavy. First-half value gained by $553 million, from $1,857 million in 1956 to $2,410 million in 1957. Cotton accounted for $396 million of the gain; wheat, $131 million, and rice, $39 million.

The export situation was reversed in the second half, when exports of wheat, cotton, rice, and edible vegetable oils fell. Second-half total dropped by $214 million, from $2,312 million in 1956 to $2,098 million in 1957. Wheat shipments were down by $83 million, cotton by $66 million, rice by $49 million, and edible vegetable oils by $37 million.

TABLE 1.--U. S. agricultural exports, calendar years 1948-1957

Calendar year	Export value	Calendar year	Export value
	$ Million		$ Million
1948	3,472	1953	2,847
1949	3,578	1954	3,054
1950	2,873	1955	3,199
1951	4,040	1956	4,169
1952	3,431	1957	4,508

COTTON. Exports of cotton (excluding linters) showed the largest value increase in calendar year 1957 compared with 1956: $330 million, approximately equivalent to the year's gain for all agricultural exports. The larger cotton exports in 1957, which took place in the first half, reflected the building up of relatively low foreign stocks as the result of CCC sales at competitive world prices.

GRAINS. Exports of grains and feeds, including private welfare shipments, increased by 3 percent in value from 1956 to 1957. Private welfare shipments of wheat flour are estimated to have risen by $33 million, three-fourths of the $45-million gain for grains and feeds. Exports of wheat and wheat flour rose from $809 million to $883 million; exports of corn grain, from $183 million to $252 million. Nearly offsetting declines occurred in other grains and feeds, mainly barley, grain sorghums, oats, rice, rye, and protein feed. Exports of feed grains as a group continued high: $350 million in 1957 compared with $360 million in 1956.

Larger wheat exports in the first half of 1957 reflected increased foreign demand arising from the smaller and largely nonmillable 1956 wheat crop in Europe, better buying ability generally abroad, and U. S. Government export programs. By the second half of 1957, however, Europe had produced a record wheat crop, which weakened demand for U. S. wheat. At the same time, smaller availabilities of feed wheat abroad strengthened demand for U. S. corn.

TOBACCO. Exports of unmanufactured tobacco increased by 7 percent in value: from $334 million in calendar year 1956 to $359 million in 1957. However, due to the larger proportion of higher priced leaf moving out, volume declined from 510 million pounds to 501 million.

VEGETABLE OILS AND OILSEEDS. Exports of expressed vegetable oils and oilseeds, including a few small private welfare shipments, increased by 1 percent in value in calendar year 1957 over 1956. Higher export values arising from larger shipments of soybeans were nearly offset by the reduced volume of cottonseed oil and soybean oil shipped and by lower prices for flaxseed.

TABLE 2.--U. S. agricultural exports, calendar years 1956 and 1957

Commodity	1956	1957	% chg.
	$ Million		
Cotton	718	1,048	+46
Grains and feeds 1/	1,444	1,489	+ 3
Tobacco, unmfd.	334	359	+ 7
Veg. oils, seeds 1/	448	451	+ 1
Fruits and vegs. 1/	374	364	- 3
Livestock prods. 1/	716	671	- 6
Other 1/	135	126	- 7
Total	4,169	4,508	+ 8

1/ Includes private shipments for relief and charity, mostly CCC surpluses donated to welfare agencies under Section 416 of the Agricultural Act of 1949, as amended.

FRUITS AND VEGETABLES. Exports of fruits and vegetables, including private welfare shipments of beans, were 3 percent smaller in value in 1957 than in 1956. There were declines in fresh oranges and tangerines, raisins and currants, and white potatoes; increases in fresh apples and pears. Relatively small changes occurred in other items such as fresh grapefruit, dried prunes, canned fruits, fruit juices, dry edible beans, dry edible peas, and canned vegetables.

LIVESTOCK PRODUCTS. Exports of livestock products, including dairy and poultry products, declined by 6 percent from 1956 to 1957. Largest change was $52-million drop in private welfare shipments of butter and butter oil. There were relatively small declines in cheese, shell eggs, lard, and tallow. Major increases were those in pork and hides and skins.

OTHER. Shipments of hops were up 85 percent in value. Nuts and preparations more than doubled in quantity but fell almost one-fourth in value.

TABLE 3.--United States: Food exported for relief and charity by private agencies and individuals, 1956 and 1957 1/

Commodity	Unit	Quantity 1956	Quantity 1957	Value 1956	Value 1957
		Million	Million	Million dollars	Million dollars
Powdered milk	Lb.	284.1	400.0	41.4	60.2
Butter	Lb.	62.4	0.4	27.0	0.2
Butter oil	Lb.	50.2	4.4	27.0	2.3
Cheese	Lb.	127.5	135.0	37.1	40.0
Wheat	Bu.	3.8	0.5	7.6	0.8
Flour	Cwt.	0.5	6.6	3.4	36.0
Corn	Bu.	0.5	1.0	1.0	1.8
Cornmeal	Cwt.	0.9	2.9	4.3	13.2
Rice	Lb.	242.4	125.0	17.6	11.0
Beans	Lb.	60.5	50.0	3.7	3.9
Cottonseed oil	Lb.	3.8	2.5	0.8	0.5
Soybean oil	Lb.	--	0.1	--	2/
Not specified	--	--	--	4.4	5.7
Total	--	--	--	175.3	175.6

Year ended Dec. 31.

1/ Commodity totals for December 1957 estimated.
2/ Less than $50,000.

NOTE

Shipments of food for relief and charity by private agencies and individuals (or simply private welfare shipments) are excluded from the specific commodity totals in table 4 but are shown as a separate total and are included in the total of agricultural exports in that table. Private welfare shipments are listed by commodity in table 3 and included in tables 1 and 2.

TABLE 4.--United States: Summary of exports, domestic, of selected agricultural commodities and groups during 1956 and 1957 a/

Commodity exported	Unit	Year ended Dec. 31 Quantity 1956	Quantity 1957	Value 1956	Value 1957
		Thousands	Thousands	1,000 dollars	1,000 dollars
ANIMAL PRODUCTS:					
Cheese	Lb.	48,805	28,844	17,784	11,111
Milk, condensed	Lb.	39,851	37,868	8,776	8,571
Milk, evaporated	Lb.	170,101	164,388	26,547	25,642
Milk, whole, dried	Lb.	40,483	48,225	19,853	21,737
Nonfat dry milk solids	Lb.	314,417	245,135	33,879	32,045
Eggs, in the shell	Doz.	44,721	31,726	19,246	14,196
Beef and veal, total b/	Lb.	89,291	88,560	27,835	28,867
Pork, total b/	Lb.	75,571	78,000	19,323	27,669
Other meats b/	Lb.	165,836	157,618	42,022	43,324
Lard, including shortening	Lb.	612,575	501,970	79,760	74,601
Tallow, edible and inedible	Lb.	1,396,477	1,289,110	113,690	111,300
VEGETABLE PRODUCTS:					
Cotton, unmfd.,excl. linters (480 Lb.)	Bale	4,743	7,223	718,494	1,048,295
Apples, fresh	Lb.	100,719	139,265	8,144	10,974
Grapefruit, fresh	Lb.	176,894	182,314	7,996	8,082
Oranges and tangerines	Lb.	897,877	718,696	54,361	44,497
Pears, fresh	Lb.	48,736	79,867	4,468	7,125
Prunes, dried	Lb.	111,245	95,657	18,697	14,567
Raisins and currants	Lb.	139,650	82,789	17,847	13,205
Fruits, canned	Lb.	318,622	315,753	48,158	47,056
Fruit juices	Gal.	33,999	37,613	36,517	39,022
Barley, grain (48 lb.)	Bu.	82,367	55,783	91,483	59,976
Barley, malt (34 lb.)	Bu.	4,767	4,995	10,544	10,969
Corn, grain (56 lb.)	Bu.	117,162	177,897	182,398	250,644
Grain sorghums (56 lb.)	Bu.	55,272	22,287	63,391	25,608
Rice, milled, excludes paddy	Lb.	1,786,263	1,593,071	130,593	121,535
Wheat, grain (60 lb.)	Bu.	410,150	415,278	695,980	733,302
Flour, wholly of U.S. wheat (100 lb.)	Bag	24,266	26,431	101,526	112,710
Flour, not wholly of U.S. wheat (100 lb.)	Bag	27	53	126	236
Hops	Lb.	12,180	16,653	6,879	12,675
Nuts and preparations	Lb.	46,663	102,626	22,466	17,412
Soybeans, except canned (60 lb.)	Bu.	69,372	87,961	180,180	217,679
Soybean oil, crude, refined, etc.	Lb.	679,169	684,819	106,456	105,066
Cottonseed oil, crude, refined, etc.	Lb.	612,307	411,621	92,853	62,256
Seeds, field and garden	Lb.	59,822	61,312	16,232	17,256
Tobacco, flue-cured	Lb.	420,439	417,679	279,822	304,341
Tobacco, leaf, other	Lb.	86,003	78,604	53,209	54,049
Beans, dried	Lb.	246,743	261,823	15,767	17,005
Peas, dried (except cowpeas & chickpeas)	Lb.	85,607	76,573	5,923	5,140
Potatoes, white	Lb.	337,010	300,112	11,716	7,178
Vegetables, fresh, other	Lb.	794,250	764,138	39,599	38,716
Vegetables, canned	Lb.	208,190	239,176	28,159	31,804
Food exported for relief, etc.				174,705	175,551
Other agricultural commodities				535,568	495,502
TOTAL AGRICULTURAL				4,168,972	4,508,496
TOTAL ALL COMMODITIES				18,940,090	20,630,454

a/ Preliminary. b/ Product weight.

Compiled from official records, Bureau of the Census.

FOREIGN AGRICULTURE CIRCULAR

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

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WEST GERMANY'S NEW LIBERALIZATION LIST FOR DOLLAR FARM PRODUCTS

On January 11, 1958, West Germany published its sixth dollar liberalization list in 4 years. Farm products on the list have been increased principally by the addition of fresh citrus, table grapes, canned tomatoes, and various other fruits and vegetables of less importance to American agricultural export interests. More classes of vegetable oils have also been included.

The complete list of dollar farm products that may now (March 21, 1958) be imported into West Germany without quantitative restriction is given below. It is based on the new nomenclature of the German Foreign Trade Schedule, effective January 1, 1958.

STATISTICAL NUMBER		PRODUCT
		Chapter 1. Live Animals 1/
0101 :	ex 10	Horses less than 147.3 cm. (14.5 hands) high, for breeding.
	20	Race horses.
	51,53	Stallions and mares, for breeding.
	ex 59	Foals, for breeding, and other.
	80	Donkeys, mules.
0102 :	13	Calves for breeding.
	18,19	Young bulls and heifers, for breeding.
	31	Bulls for breeding.
	43	Cows for breeding.

1/ Animals for breeding require a pedigree from a reputable breeding association of the country of origin.

0103	:	91	Hogs over 35 kgs. (77 lbs.), for breeding.
0104	:	ex 21	Lambs for breeding.
		ex 31	Sheep for breeding.
		50	Goats.
0105	:	10-50	Geese, ducks, chickens, turkeys, guinea hens.
0106	:	00	"Other" live animals (this basket item does not include any of the kinds of animals mentioned above).

Chapter 2. Meat and Variety Meats

Fresh, chilled, or frozen

0201	:	80	Horse, donkey, mule, and goat meat.
		91	Edible offals for manufacture of pharmaceuticals.
		99	Other edible offals from horses, donkeys, mules, goats.
0203	:	00	Poultry livers (salted or in brine, as well as fresh, chilled, or frozen).
0204	:	00	"Other" meat and variety meats(this basket item does not include meats from cattle,hogs,sheep,or poultry).

Salted, in brine, dried, or smoked

0206	:	ex 50) ex 99)	(Meat and variety meats (excl. poultry livers) from (horses, poultry, and other animals except cattle, (hogs, and sheep.

Chapter 4. Milk and Milk Products; Birds' Eggs; Natural Honey

0405	:	19	Eggs in shell, except chicken eggs.
		51-80	Eggs without shells, whole or yolks: Edible, liquid, frozen, dried; and inedible or made inedible.

Chapter 5. Other Products of Animal Origin, Not Elsewhere Specified or Included

0501	:	00	Human hair, raw, washed, or scoured; waste of human hair.
0502	:	11,15	Hog bristles, crude, unsorted; and other(e.g.cleaned, bleached, dyed, washed).
		91,95	Badger and other hair (e.g. skunk, squirrel, marten hair), unworked, unsorted; and other (cleaned, bleached, dyed, washed).
0503	:	10-90	Horsehair,not curled, raw and other; curled; waste.
0504	:	11-90	Intestines, bladders, and stomachs of animals other than fish, whole or cut in pieces, unsorted and sorted.
0506	:	10,90	Tendons and sinews, parings, and similar waste of raw hides or skins.

0507	:	10-90	Skins and other parts of birds, with their feathers or down, feathers whether or not the quills or part of the scapes have been removed, feathers split in two along their length, quills, scapes, down, barbs (incl. barbs with part of the scape attached, whether or not with trimmed edges), unworked, cleaned, disinfected, or treated for preservation.
0508	:	10-90	Bones and horn-cores, unworked, defatted, simply prepared but not cut to shape; powder and waste of these products.
0509	:	10,90	Horns, antlers, nails, claws, and beaks of animals, simply prepared but not cut to shape; and hair and waste of these products.
0510	:	00	Ivory, unworked or simply prepared but not cut to shape; powder and waste ivory.
0514	:	00	Ambergris, castoreum, civet, and musk; cantharides and bile, incl. dried; animal products used in medicinal preparations, fresh, chilled, frozen, or otherwise provisionally preserved.
0515	:	ex 90	"Other" products of animal origin (e.g. blood, silkworm eggs, ant eggs), not for feed.

Chapter 6. Living Plants and Floral Goods

0601	:	10	Lily of the valley pips.
		21-50	Dormant bulbs, tubers, tuberous roots, corms, crowns, and rhizomes.
0602	:	ex 11	Cuttings without roots of woody plants other than grape vines.
		15	Cuttings without roots of nonwoody plants.
		31	Rose stock for grafting.
		53	Forest plants.
		ex 55	Azalea indica: Not in flower nor in bud.
		59	"Other" trees and bushes.
		ex 80	Nonwoody plants, incl. mycelium of fungi (e.g. mushroom spawn): Not in flower nor in bud.
0603	:	50	Cut flowers and flower buds for bouquets or ornamental uses, dried, bleached, dyed, impregnated, or otherwise prepared.
0604	:	19-50	Foliage, leaves, branches, and other parts of plants, grasses, mosses, and vines, for bouquets or ornamental uses, excl. cut flowers or flower buds, fresh or prepared, and asparagus sprays.

Chapter 7. Edible Vegetables, Plants, Roots, and Tubers

Vegetables and pot-herbs, fresh or chilled

0701	:	09	Fungi, other than mushrooms.
		11	Truffles.
		12	Olives and capers.
		15	Garlic.
		16	Onion and shallot sets.
		31	Asparagus.
		32	Artichokes.
		43-45	Red, white, and Savoy cabbage.
		49	"Other" kinds of cabbage (e.g. leaf cabbage, kohl-rabi).
		59	Lettuce, other than head lettuce and endive (e.g. lamb's lettuce, corn-salad, sorrel, chicory).
		61	Spinach.
		87	Pumpkins and eggplant.
		92	Parsley and celery.
		99	"Other" vegetables and pot-herbs (this basket item does not include such vegetables as potatoes, tomatoes, beans, peas, carrots, beets, but does include rhubarb and various herbs).

Vegetables and pot-herbs, other than fresh or chilled

0703	:	10-90	In brine, or water with other additive, for temporary preservation: Olives and capers, onions, cucumbers, mushrooms, and others (e.g. tomatoes, cauliflower, beans).
0704	:	20-80	Dried, whole, cut, or sliced: Mushrooms, tomatoes, and all others except potatoes and pulses.
		90	Dried, as powder, or otherwise concentrated.
0705	:	50	Lentils.
		90	"Other" pulses (this basket item does not include dry beans or peas).
0706	:	00	Roots or tubers of manioc, arrowroot and salep, Jerusalem artichokes, sweet potatoes, and similar roots and tubers with high starch or inulin content, fresh or dried, whole or cut; sago pith.

Chapter 8. Edible Fruit and Nuts; Peel of Melon or Citrus

0801	:	01	Pineapples.
		11,15	Bananas, fresh and dried.
		20	Coconuts.
		30	Shredded coconut, or similarly cut kernels, excl. copra.
		40	Brazil nuts and cashews.
		50	Dates.

0801	:	80	Guava, mangoes, mangosteen, and avocados, fresh or dried.
0802	:	10-90	Citrus fruit, fresh or dried: Grapefruit and pomelos, lemons, oranges, mandarines, tangerines, clementines, satsumas, other (e.g. bitter oranges, citrons, bergamots.
0803	:	00	Figs, fresh or dried.
0804	:	11	Table grapes.
0805	:	10-90	Nuts, fresh or dried, incl. shelled or skinned: Almonds, filberts, walnuts, edible chestnuts, pistachios, and other nuts (e.g. Indian nuts, pecans).
0806	:	11	Cider apples, fresh.
		31	Cider pears, fresh.
		50	Quinces, fresh.
0807	:	10	Apricots, fresh.
		90	"Other" fresh stone fruit (this basket item does not include peaches, cherries, or plums).
0808	:	21,29	Currants, fresh.
		40	Whortleberries, fresh.
		50	Huckleberries and blueberries, fresh.
		90	"Other" fresh berries (this basket item does not include strawberries or raspberries, but does include gooseberries, blackberries, and cranberries).
0809	:	10	Melons, fresh.
		90	"Other" fresh fruit (this basket item does not include apples, pears, peaches, cherries, plums, berries).
0810	:	10	Fruit cooked or uncooked, frozen, not sweetened with sugar, for industrial uses.
0811	:	10-90	Fruit in brine or water with other additive for temporary preservation, but not specially prepared for immediate use: Citrons, cherries, apricots, all other.
0812	:	01-90	Dried fruit and mixtures of dried fruit (excl. raisins, currants, and those specified above): Prunes, apricots, peaches, apples, pears, and "other".
0813	:	00	Peels of citrus fruit or melons, fresh, frozen, dried, or in brine or water with other additive for temporary preservation.

Chapter 9. Coffee, Tea, Maté, and Spices

0901	:	10-80	Coffee, whether or not roasted, or freed of caffeine; coffee husks and skins; coffee substitutes containing coffee in any proportion.
0902	:	00	Tea.
0903	:	00	Maté.
0904	:	10-30	Pepper of the genus *Piper*; pimento of the genus *Capsicum*, and the genus *Pimenta*.
0905	:	00	Vanilla.
0906	:	10,90	Cinnamon and cinnamon-tree flowers.
0907	:	00	Cloves (whole fruit, cloves, and stems).
0908	:	10-50	Nutmeg, mace, cardamoms.
0909	:	10-60	Seeds of anise, badian, fennel, coriander, cumin, and juniper.
0910	:	10-99	Thyme, bay leaves, saffron, ginger, spice mixtures, and other spices.

Chapter 10. Grains

1007	:	90	"Other" grains (this basket item does not include wheat, rye, barley, oats, corn, rice, grain sorghums, millets, or buckwheat, but does include canary seed).

Chapter 11. Products of the Milling Industry; Malt; Starch; Inulin

1104	:	00	Flour (or powder) of chestnuts, almonds, dates, bananas, coconuts, and other edible fruits and nuts.
1106	:	90	Flour and meal of sago, arrowroot, salep, Jerusalem artichokes, sweet potatoes and other similar roots and tubers with high starch or inulin content, except manioc and potatoes.
1107	:	ex 00	Malt, except malt flour.
1108	:	80	Inulin.

Chapter 12. Oilseeds and Oleaginous Fruit; Miscellaneous Seeds and Fruit; Industrial and Medicinal Plants; Straw and Fodder

1201	:	05	Cottonseed.
		11-19	Peanuts,shelled and unshelled,for oil and other uses.
		22-24	Hempseed, for sowing and other uses.
		25	Kapok seed.
		31	Copra.
		36-39	Flaxseed, for oil, sowing, feed, and other uses.
		41-44	Poppyseed, for oil, sowing, and other uses.
		45	Niger seed.
		51	Palm nuts and palm kernels.
		57-59	Rapeseed, for sowing and other uses.
		61	Castor beans.
		64-65	Mustard seed, for sowing and other uses.

1201	:	67	Soybeans.
		71-74	Sunflower seed, for oil, sowing, and other uses.
		97-99	Other oilseeds and oleaginous fruit, for sowing and other uses (e.g. sesame, pulghera, mafura, mowra, stillingia seed, shea nuts, grape seeds).
1203	:	85,86	Forest seeds of coniferous and deciduous trees.
		90	"Other" seeds, fruit and spores, for sowing (this basket item does not include grass and other herbage seeds; seeds of sugar beets, fodder roots, forage plants; or vegetable or flower seeds).
1204	:	11	Sugar beets, whole or sliced, fresh.
		50	Sugarcane.
1205	:	00	Chicory roots, fresh or dried, whole or cut, not roasted.
1206	:	10,50	Hop cones and lupulin.
1207	:	10-90	Plants and parts, seeds and fruit, used mainly in the manufacture of perfume, medicine, insecticides, pesticides, and the like, fresh or dried, whole or in pieces, as powder or otherwise fragmented: Pyrethrum (roots, stems, leaves, and flowers) and roots of rotenone-containing plants (e.g. derris, tephrosia); cinchona bark; poppy straw, incl. heads; and other.
1208	:	10-90	Locust (or carob) beans, fresh or dried, or as powder or otherwise fragmented; fruit kernels and other plant products of a kind used primarily for food, not elsewhere specified or included.
1209	:	00	Cereal straw and husks, unprepared, also chopped.
1210	:	10	Feed beets, turnip beets, and other roots for feeding: Not dried.
		99	"Other" fodder of vegetable origin, except corn cobs, leaves, and stalks, leaves of root vegetables, pea and bean pods, acorns: Not dried.

Chapter 13. Raw Vegetable Material for Use in Dyeing or in Tanning; Gums, Resins, and Other Vegetable Saps and Extracts

1303	:	10	Licorice extracts, liquid or solid, except those falling under another heading.
		20	Pyrethrum extract, and extracts of roots containing rotenone.
		30	Extract of hops.
		40	Opium.

1303	:	61	Simple vegetable extracts for therapeutic or prophylactic uses, for specific uses or dissolved in any solution, but not made up in doses nor packaged for retail sale.
		69	Other vegetable saps and extracts, except those for use in the manufacture of drink or human food.
		81	Agar-agar.

Chapter 14. Plaiting and Carving Material, and Other Vegetable Products not Elsewhere Specified or Included

1402	:	11-19	Kapok, not carded and other.
		91	Crin vegetal.
		99	Other vegetable material of a kind used primarily as stuffing or padding.
1403	:	00	Vegetable material of a kind used primarily in brooms, brushes, or paint brushes (sorgho, piassava, couch-grass, istle, and the like), whether or not in hanks or bundles.
1404	:	00	Kernels, hulls, nuts, and hard seeds, suitable for carving (corozo, dom, and the like).
1405	:	10	Esparto grass (alfa, sparto grass), whether or not twisted into hanks.
		91,99	Other vegetable materials (e.g. luffa, Irish moss, bladder-kelp, fuller's teasel, tobacco stalks, corozo powder),whether or not ground, for fodder and other uses.

Chapter 15. Animal and Vegetable Fats and Oils; Their Cleavage Products; Prepared Edible Fats; Animal and Vegetable Waxes

1501	:	02	Lard, for other than food uses (under customs supervision).
		41,42	Poultry fat, for food and other uses.
1502	:	22,32	Tallow, rendered (premier jus and other), for other than food uses.
1503	:	02	Lard stearin; oleo stearin; lard oil, oleo oil, and tallow oil, neither emulsified, mixed, nor otherwise prepared, for other than food uses.
1505	:	10,90	Wool grease, crude, and fats therefrom (e.g. wool grease olein and stearin, lanoline).
1506	:	10	Neat's foot oil and bone fat.
		ex 90	"Other" animal fats and oils, for other than food purposes.

Cottonseed oil:

1507 : 01,02 .... Crude, incl. mechanically clarified or dehydrated, for food and other uses.

04 .... Other, for other than food uses.

Beech, corn, and poppy seed oil:

05,06 .... Crude, incl. mechanically clarified or dehydrated, for food and other uses.

08 .... Other, for other than food uses.

12,14 ...... Peanut oil for other than food uses: Crude and other.

16,18 ...... Tung oil, crude and other.

20 ...... Japanese wax.

22,24 ...... Coconut oil for other than food uses: Crude and other.

Linseed oil:

25,26 .... Crude, incl. mechanically clarified or dehydrated, for food and other uses.

28 .... Other, for other than food uses.

32 ...... Olive oil, excl. sulphur and "lampante", for other than food uses.

36,38 ...... Palm kernel oil for other than food uses: Crude and other.

Palm oil:

41,42 .... Crude, incl. mechanically clarified or dehydrated, for food and other uses.

44 .... Other, for other than food uses.

46,48 ...... Rapeseed oil for other than food uses: Crude and other.

49 ...... Castor oil, crude, including mechanically clarified or dehydrated.

Safflower oil:

51,52 .... Crude, incl. mechanically clarified or dehydrated, for food and other uses.

54 .... Other, for other than food uses.

Sesame oil:

55,56 .... Crude, incl. mechanically clarified or dehydrated, for food and other uses.

58 .... Other, for other than food uses.

62,64 ...... Soybean oil for other than food uses: Crude and other.

66,68 ...... Sunflower seed oil for other than food uses: Crude and other.

70 ...... Sulphur and "lampante" olive oil.

			Other vegetable oils (e.g. copaiba, shea, karite, and mustard seed oils, myrtle wax):
1507	:	95,96	Crude, incl. mechanically clarified or dehydrated, for food and other uses.
		98	Other, for other than food uses.
1508	:	10	Varnish and standoils, based on linseed oil.
		90	Other processed animal and vegetable oils, except hydrogenated.
1509	:	10,90	Degras, natural and other.
1510	:	31,39	Technical fatty acids other than olein and stearin: Distilled and other.
		50	Acid oils from refining.
		80	Industrial fatty alcohols.
1511	:	10-50	Glycerine, crude and refined; glycerine solutions and glycerine lyes.
			Animal and vegetable fats and oils, hydrogenated, incl. refined, but not further prepared:
1512	:	58	Land animal fats and oils, for other than food uses.
		88	Vegetable fats and oils, for other than food uses.
1515	:	10-90	Beeswax and other insect wax, incl. dyed: Crude and other.
1516	:	10-90	Carnauba, candelilla, and other vegetable waxes (e.g. ouricuri, palm, cotton, flax, esparto waxes): Crude and other.
			Residue from processing of fats or animal or vegetable waxes:
1517	:	10	Soap stock.
		20	Oil foots and dregs.
		90	Other (e.g. stearin, wool, and glycerin pitch, used fat or wax containing bleaching clays).

Chapter 16. Preparations of Meats, Fish, Crustaceans or Molluscs

1601	:	ex 19)...... ex 90)	(Sausages and the like, of the meat, offals or (blood of poultry and game, made with or without (livers, in other than airtight containers.

Chapter 18. Cocoa and Cocoa Preparations

1801 : 00 ...... Cocoa beans, incl. broken beans, raw or roasted.
1802 : 00 ...... Cocoa shells, skins, and other waste.

1803 : ex 10)......(Cocoa paste, whether or not defatted, for the manu-
ex 50) (facture of theobromine.

1804 : ex 00 ...... Cocoa butter, for pharmaceutical uses.

Chapter 19. Cereal Preparations

1907 : 10 ...... Rye crisp.
90 ...... "Other" ordinary bakery products (e.g. rye bread, pumpernickel, ship biscuit).

Chapter 20. Vegetable and Fruit Preparations

Prepared or preserved with vinegar:

2001 : ex 10 .... Cucumbers, in other than airtight containers.
ex 90 .... Olives in vinegar; "other" (e.g. mixed pickles) in other than airtight containers.

Vegetables and pot-herbs prepared or preserved without vinegar:

In containers of 5 kgs. (11 lbs.) or more:

2002 : 11 .... Tomatoes.
ex 13 .... Sauerkraut , in other than airtight containers.
ex 19 .... Truffles, olives, capers, artichokes, and, in other than airtight containers, "other".

In other containers:

51 .... Tomatoes.
ex 52 .... Truffles.
53 .... Olives, incl. stuffed, and capers.
ex 59 .... Artichokes.

2005 : ex 20 ...... Plum paste, without sugar or syrup, in barrels, for further preparation.
ex 95 ...... Quince jelly, with sugar or syrup.

Fruit prepared or preserved otherwise than by freezing or sugar, whether or not containing added sugar or alcohol:

2006 : ex 19 .... Pineapples: Pulp in containers of less than 3 kgs. (6.6 lbs.).

Other fruit, in barrels:

2006 : 31 .... Citrus fruit.

ex 32-39 .... Pulp of apricots, cherries, strawberries, raspberries, other berries, and "other" fruit.

ex 59,71 ...... Grapefruit and pomelos in other containers, incl. the pulp thereof in containers of 5 kgs. (11 lbs.) or more.

2007 : ex 19)...... (Bitter orange juice, whether or not concentrated,
ex 29) (without sugar.

30,59 ...... Vegetable juices, and mixtures of vegetable juices and of fruit and vegetable juices, with or without added sugar.

Chapter 21. Miscellaneous Food Preparations

2101 : 30 ...... Extracts of roasted coffee substitutes, without coffee content.
50 ...... Grain (incl. malted grain), roasted, as kernels, or ground, incl. mixtures with other coffee substitutes.
90 ...... Other roasted coffee substitutes (e.g. roasted figs, acorns, chicory, sugar beets).
2102 : 11,15 ...... Coffee extracts and essences, with or without added coffee substitutes.

2106 : ex 11 ...... Yeast for food.
19 ...... "Other" yeast (this basket item excludes yeast for feed).
50 ...... Prepared baking powders.
2107 : ex 90 ...... Yeast extract.

Chapter 22. Beverages, Alcoholic Beverages, and Vinegar

2203 : 01,09 ...... Beer, made from malt.
2204 : ex 00 ...... Wine mash.
2205 : 21,24 ...... Wine for the manufacture of distilled wines and of vinegar.
2207 : ex 00 ...... Beverages of fermented raisins or other fruit, except fresh grapes, as well as other fermented beverages (e. g. mead).

Chapter 23. Residues and Waste Products of the Food Industry; Prepared Feeds

2303 : ex 10 ...... Bagasse.
20 ...... Molasses residues.

ex 2304:	51-59	......	Oilcake, with 8 percent fat content or more, when destined for the production of oil, from: Peanuts, coconuts or copra, flaxseed, palm kernels, sunflower seeds, soybeans, rapeseed, cottonseed, and other oilseeds or oleaginous fruit.
	ex 90	......	"Other" residues of the vegetable oil industry, excl. mustard meal, with 8 percent fat content or more, when destined for the production of oil.
2305 :	10,50	......	Wine lees and crude tartar.
2306 :	10	......	Apple residues for feed.
	ex 30	......	Acorns and horsechestnuts for feed.

Chapter 24. Tobacco

2401 :	10-59	......	Tobacco, unmanufactured, ribs, stems, and other waste.

Chapter 33. Essential Oils and Resinoids; Perfumery, Cosmetics, and Toilet Preparations.

3301 :	10-50	......	Essential oils; resenoids.
3302 :	00	......	Terpenic by-products from essential oils.
3303 :	00	......	Concentrates of essential oils.
3304 :	10-90	......	Mixtures of scented or aromatic substances.
3305 :	00	......	Distilled aromatic water and acqueous solutions of essential oils.

Chapter 35. Albuminoidal Substances; Glue

3501 :	19	......	Casein for other than food or feed uses, not hardened.
	60	......	Casein glue.
3502 :	11,19	......	Albumen from chicken eggs: Inedible or made inedible, and other.
	21	......	Other albumen: Inedible or made inedible.
3503 :	10	......	Gelatine.
	63-69	......	Glues, such as bone glue, skin glue, sinew glue.
3505 :	61,69	......	Dextrine glue, and other starch glues.

Chapter 40. Rubber and Rubber Goods

4001 :	11-19	......	Natural rubber, raw: Latex, sole crepe, other.
	50	......	Balata, raw.
	70	......	Guttapercha and similar kinds of rubber, raw.

Chapter 41. Hides and Skins; Leather

4101 : 11-90 ...... Raw hides and skins (green, salted, dried, slackened, or pickled) of: Sheep, lambs, goats, kids, calves, cattle, buffaloes, horses, foals, fish, reptiles, and other (e.g. donkeys, mules, hogs, chamois, gazelles, reindeer, elk, stags, deer), incl. birdskins without feathers or down.

Chapter 50. Silk, Waste Silk, Noil Silk

5001 : 00 ...... Silk cocoons, suitable for reeling off.

5002 : 11-19 ...... Raw silk, neither thrown nor twisted.

5003 : 11-55 ...... Silk waste (incl. silk cocoons unsuitable for reeling, and shoddy); waste silk, noil silk, combings.

Chapter 53. Wool, Fine and Coarse Animal Hair, Horse Hair.

5301 : 11-55 ...... Shorn wool: Merino wool and wool of cross breeds, in the grease or washed.
90 ...... Wool other than shorn.

5302 : 11-18 ...... Fine animal hair: Alpaca, llama, vicuna, yak, and camel hair; Angora goat hair; Tibet-Cashmere goat hair, and similar goat hair; Angora rabbit hair; other rabbit hair; beaver, nutria, and muskrat hair.

51-80 ...... Coarse animal hair, not curled and curled: Body hair of horses and cattle; common goat hair; and other (e.g. monkey, dog).

Chapter 54. Flax and Ramie

5401 : ex 10 ...... Broken flax straw, not suitable for spinning.

99 ...... Upholstery tow and other waste of flax, not suitable for spinning.

Ramie:

5402 : 10 .... Raw, ribboned, degummed.
50 .... Scutched, or otherwise treated, but not spun.
90 .... Tow and waste, incl. that suitable for spinning.

Chapter 55. Cotton

5501 : 00 ...... Cotton, raw, neither carded nor combed.

5502 : 11,15 ...... Cotton linters.

Chapter 57. Other Vegetable Products for Spinning; Paper Yarn and Woven Fabric of Paper Yarn.

Hemp (cannabis sativa):

5701 : 10 .... Raw, retted, or scutched.
50 .... Hackled, or otherwise treated, but not spun.
90 .... Tow and waste, incl. that suitable for spinning.

5702 : 00 ...... Manila hemp (abaca or musa textilis), raw or treated, but not spun; tow and waste.

Jute:

5703 : 10 .... Raw, scutched, or otherwise treated, but not spun.
90 .... Tow and waste, including that suitable for spinning.

5704 : 10 ...... Sisal, raw or decorticated, but not spun.

51,55 ...... Coconut fibers, raw and treated (e.g. hackled, bleached, dyed).

90 ...... "Other" (e.g. broom fiber, Mauritius hemp, New Zealand fiber or phormium, sunn hemp).

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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

FATP 12-58
April 16, 1958

U. S. AGRICULTURAL IMPORTS IN CALENDAR YEAR 1957 AT 8-YEAR LOW MARK

U. S. agricultural imports, declining for the second consecutive year, totaled $3,923 million in calendar year 1957, or $27 million under the value of $3,950 million in 1956. The 1957 total was the lowest since 1949 when imports amounted to $2,893 million.

Agricultural imports in 1957 compared with the record level of $5,166 million attained in 1951. Imports dropped sharply in the next 3 years and drifted downward thereafter.

Nearly 60 percent of imports in 1957 consisted of commodities classified as complementary, i. e., items not produced commercially to any significant extent in the United States.

The value of $2,256 million for complementary imports in 1957 compared with $2,401 million in 1956 and was the lowest in 7 years. Three-fourths of the decline from 1956 to 1957 was the result of smaller imports of coffee and rubber. There were also declines in imports of carpet wool, cocoa beans, spices, silk, and sisal and henequen. Imports of bananas and tea were about the same.

Over 40 percent of imports in 1957 were commodities classified as supplementary, i. e., items similar to commodities produced commercially in the United States or interchangeable in use with them to any significant extent.

TABLE 1.--U. S. agricultural imports, calendar years 1948-1957

Calendar year	Supplementary imports	Complementary imports	Total	Calendar year	Supplementary imports	Complementary imports	Total
	- Million dollars -				- Million dollars -		
1948	1,618	1,531	3,149	1953	1,803	2,380	4,183
1949	1,440	1,453	2,893	1954	1,558	2,403	3,961
1950	1,807	2,183	3,990	1955	1,550	2,421	3,971
1951	2,319	2,847	5,166	1956	1,549	2,401	3,950
1952	1,902	2,616	4,518	1957	1,667	2,256	3,923

The value of $1,667 million for supplementary imports in 1957 compared with $1,549 million in 1956. This was the highest figure in 4 years. Largest increases from 1956 to 1957 were in dutiable cattle, beef and veal, vegetable oils and waxes, cotton, cane sugar, oats, and tomatoes. There were notable declines in wool, hides and skins, barley, and potatoes.

Supplementary Import Highlights

Livestock Products. Imports of dutiable cattle (not for breeding) rose from 141 thousand head in 1956 to 703 thousand in 1957, greatest volume since 1941 when 733 thousand head were imported. The gain is attributed to increased purchases from Canada and Mexico encouraged by higher U. S. prices. Most cattle were feeders; some, dairy cows. Imports were small in relation to domestic cattle slaughter and numbers on farms. Imports in 1956 were unusually low owing to dry weather in the Southwest and lower U. S. prices.

Strong U. S. demand and slightly lower production in 1957 encouraged beef and veal imports. The total rose from 112 million pounds (product weight) in 1956 to 232 million in 1957, the highest in 5 years. Expanded shipments of boneless beef from New Zealand, Canada, Ireland, and Australia, and increased carcass beef shipments from Canada in the second part of the year were the most important features of the trade in 1957. However, beef and veal imports in 1957 were equivalent to only 2.4 percent of domestic output. Moderate U. S. pork prices did not encourage imports in 1957, which were the smallest in 5 years.

Imports of hides and skins declined from 144 million pounds in 1956 to 117 million in 1957. They were relatively high in 1956 when shipments of pickled sheep skins, fleshers, and skivers were unusually large.

Imports of apparel wool declined from 164 million pounds (actual weight) in 1956 to 122 million in 1957, lowest in at least 15 years. Domestic mills used less wool due to the generally low level of textile activity.

Vegetable oils. The increase in imports of vegetable oils and waxes from 487 million pounds in 1956 to 512 million in 1957 reflected mainly the 33-million pound increase in castor oil imports partly offset by the 10-million pound decrease in palm oil. The United States is the world's leading importer and consumer of castor beans and oil. Vegetable oil imports in 1957 were the largest since 1950.

Cane Sugar. Imports of cane sugar were slightly less in 1957 than in 1956, totaling approximately 4.2 million tons, raw equivalent basis. Imports on a tel quel basis as reported by the Bureau of the Census were 4.1 million tons in both years. There was a gain in value, however, reflecting higher world raw sugar prices due to the speculative boom from October 1956 to mid-1957. Stepped-up buying of Cuban sugar followed the Hungarian and Suez crises in late 1956. Large USSR purchases from Cuba tightened supplies in the first half of 1957. Prices started downward in July 1957 as buyers got a better idea of actual and prospective supplies. An important factor in pushing down world raw prices was Brazil's offering of substantial amounts at prices below prevailing levels.

Cotton. Unmanufactured cotton imports rose from 98 thousand bales (480 lbs. net weight) in 1956 to 168 thousand in 1957. Imports during 1956 were relatively low owing to weak domestic demand for short harsh fiber from Asia and extra long staple cotton from Egypt. Easing of price competition and trade complications abroad increased imports in 1957.

Feed Grains. The smaller U. S. oat crop in 1957 stimulated imports of grain from 6 million bushels in 1956 to 27 million in 1957. At the same time, unfavorable price relationships between domestically produced and Canadian barley discouraged imports from Canada. Total barley grain imports declined from 29 million bushels in 1956 to 21 million in 1957.

Vegetables. Unfavorable weather in Florida again caused U. S. consumers to increase reliance on Cuban tomatoes. Imports of tomatoes in the natural state from all sources increased from 95 million pounds in 1956 to 119 million in 1957. Imports in 1957 compared with 78 million pounds in 1955.

The improved U. S. potato crop in 1957 was a factor in the decline in imports of white potatoes from 278 million pounds in 1956 to 166 million in 1957. Reduced domestic supplies in the spring and early summer of 1956 caused prices to hit a record high that stimulated Canadian sales here.

Complementary Import Highlights

Coffee. Coffee imports amounted to 2,761 million pounds in 1957 down from the 1956 level. During 1957, world markets felt the pressure of more ample and growing supplies. U. S. buyers, anticipating lower prices, limited purchases to hand-to-mouth buying. Prices strengthened at the close of 1957 following action by main Latin American producing countries to restrict exports.

Rubber. Crude rubber imports declined from 1,298 million pounds in 1956 to 1,243 million in 1957. Overall U. S. rubber consumption was barely maintained in 1957 and toward the end of the year was declining. The inroads of synthetic rubber into natural rubber outlets continued.

TABLE 2.--UNITED STATES: Summary of imports for consumption of selected agricultural commodities and groups during 1956 and 1957 a/

Commodity imported	Unit	Year ended December 31			
		Quantity		Value	
		1956	1957	1956	1957
SUPPLEMENTARY				1,000	1,000
ANIMALS AND ANIMAL PRODUCTS:		Thousands	Thousands	dollars	dollars
Cattle, dutiable	No.	141	703	10,898	65,839
Cattle, free (for breeding)	No.	19	25	4,731	5,095
Casein and lactarene	Lb.	70,673	74,604	14,276	14,659
Cheese	Lb.	53,713	50,877	27,410	25,980
Hides and skins	Lb.	144,282	116,850	62,905	46,702
Beef and veal, total b/	Lb.	111,859	232,484	29,346	60,093
Pork, total b/	Lb.	139,395	133,029	94,576	97,899
Wool, unmfd., excl. free, etc.	Lb.	164,376	121,564	128,903	109,202
VEGETABLE PRODUCTS:					
Cotton, unmfd., excl. linters (480 lb.)	Bale	98	168	19,563	31,720
Jute and jute butts, unmfd. (2,240 lb.)	Ton	75	60	14,859	14,692
Olives in brine	Gal.	10,677	12,266	18,940	21,537
Pineapple juice	Gal.	8,653	10,833	3,184	3,876
Pineapples, canned, prepared or pres.	Lb.	88,476	100,093	10,392	11,396
Other fruits and preparations		c/	c/	34,919	33,123
Barley, grain (48 lb.)	Bu.	29,297	20,970	39,824	28,288
Oats, grain (32 lb.)	Bu.	6,468	27,121	5,984	20,510
Wheat, grain (60 lb.)	Bu.	9,635	9,500	14,825	14,519
Feeds and fodders		c/	c/	20,067	22,372
Nuts and preparations		c/	c/	60,757	58,439
Castor beans	Lb.	42,413	34,359	2,433	2,236
Copra	Lb.	667,919	644,551	41,879	41,212
Oils, fats, waxes, veg. expressed	Lb.	487,001	511,517	81,376	96,780
Seeds, field and garden		c/	c/	14,694	13,235
Sugar, cane (2,000 lb.)	Ton	4,144	4,137	436,717	458,313
Molasses, unfit for human consumption	Gal.	352,101	231,407	34,580	35,198
Tobacco, cigarette leaf	Lb.	87,946	92,568	61,834	67,763
Tobacco, other leaf	Lb.	14,469	12,874	20,699	19,926
Potatoes, white	Lb.	278,074	165,937	6,754	4,283
Tomatoes, natural state	Lb.	94,970	119,477	6,698	8,207
Other supplementary				224,717	233,946
Total supplementary				1,548,740	1,667,040
COMPLEMENTARY					
Silk, raw	Lb.	7,882	5,874	32,444	24,575
Wool, unmfd., free in bond	Lb.	193,508	161,976	113,517	101,505
VEGETABLE PRODUCTS:					
Bananas	Bunch	46,229	47,736	68,016	69,818
Cocoa or cacao beans	Lb.	558,975	510,632	144,434	134,705
Coffee (incl. into Puerto Rico)	Lb.	2,812,050	2,761,360	1,439,076	1,375,828
Coffee essences, substitutes, etc.	Lb.	1,519	3,335	4,085	9,243
Tea	Lb.	100,524	102,228	50,880	50,614
Sisal and henequen (2,240 lb.)	Ton	132	125	20,954	17,861
Spices (complementary)	Lb.	85,718	76,205	30,558	26,959
Rubber, crude	Lb.	1,297,528	1,243,335	398,127	349,713
Other complementary				98,928	95,407
Total complementary				2,401,019	2,256,228
TOTAL AGRICULTURAL COMMODITIES				3,949,759	3,923,268
TOTAL ALL COMMODITIES				12,515,747	12,920,985

a/ Preliminary. b/ Product weight. c/ Reported in value only.

Compiled from official records, Bureau of the Census.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL
TRADE POLICY
AND ANALYSIS

FATP-13-58
April 30, 1958

GAINS AND LOSSES IN THE DOLLAR POSITION OF FOREIGN COUNTRIES BUYING U. S. FARM PRODUCTS

Summary

Foreign countries in 1957 received fewer dollars from the United States than they spent in this country, despite large U.S. Government aid and military expenditures, and substantial U.S. private investment abroad. It was the first year of such imbalance since 1949.

However, the dollar loss, amounting to $428 million, was more than offset by foreign gold acquisitions from non-U.S. sources and by net drawings of $913 million by foreign governments on the International Monetary Fund (IMF).

The gold and dollar assets of foreign countries amounted to $29.7 billion on Dec. 31, 1957, an increase of $700 million. This compares with gains of $1.8 billion in 1955 when foreign countries made net repayments of $205 million to the IMF, and $1.9 billion in 1956, when they drew net $579 million on the IMF.

In 1957 the development of the dollar position of foreign countries was very uneven.

In general, 3 groups can be distinguished:

(1) Countries such as the following, which in 1957, or at least the major part of it enjoyed a favorable balance-of-payments and increases in their gold and dollar assets:

Country	Gold and Dollar Increase 1957	Assets on Dec.31,1957	U.S.Agricultural Exports 1956-1957
		Million dollars	
West Germany	770	4,113	447.3
Venezuela	489	1,550	76.4
Italy	254	1,524	233.9
Canada	198	3,194	373.7
Switzerland	156	2,799	68.8
Austria	83	454	32.5
Norway	43	247	30.2

(2) Industrial countries that experienced difficulties early in 1957 but improved their financial situation to a varying degree before the year's end: Among them were:

Country	Gold and Dollar Increase (+) or Decrease (-) 1957	Assets on Dec.31,1957	U.S. Agricultural Exports 1956-1957
		Million dollars	
United Kingdom	+ 68	3,083	498
Belgium-Luxembourg	- 49	1,190	170
Netherlands	- 20	1,060	259
Denmark	+ 47	149	43
Japan	-439	710	458
France	-556	956	142

(3) Less developed countries which, in general, have relatively small gold and dollar assets. Many of these are in serious balance-of-payments difficulties, which are related to their efforts to accelerate economic development and raise living standards. This group includes Turkey, Yugoslavia, Spain, Argentina, Brazil, Chile, Colombia, Peru, Indonesia, India, Pakistan and the Philippines.

U.S. Balance of Payments

The 1957 deficit in foreign countries payments to the United States was due primarily to the fact that U.S. exports increased substantially more in 1957 than U.S. imports. In addition there was some capital flight to the U.S., especially in the third quarter.

However, the payments position of foreign countries improved in the fourth quarter of 1957. Of the losses of $868 million in the first 3 quarters, a net gain of $440 million in the fourth quarter cut the annual balance-of-payments loss of foreign countries to $428 million.

The dollar surplus in the fourth quarter of 1957 was brought about mainly by smaller U.S. exports of goods, large U.S. imports, and a disbursement of $250 million on an Export-Import Bank loan to the United Kingdom against U.S. securities.

Balance of Payments of the United States with Foreign Countries 1/
(Billion dollars)

	1956	1957 p
I. - Dollars paid by foreign countries for -		
A. U.S. exports of goods and services		
1. Merchandise	17.3	19.3
2. Services and other transactions	6.2	7.0
3. Long-term foreign investment in U.S.	.5	.3
B. Errors, omissions and unaccounted (net)	.7	.8
Total dollars paid	24.7	27.4
II. - Dollars received by foreign countries through		
A. U.S. imports of goods and services		
1. Merchandise	12.8	13.3
2. Services and other current transactions	4.7	5.0
B. Private U.S. capital outflow (net)	3.0	3.0
C. U.S. Government spending		
1. Military expenditures	2.9	3.1
2. U.S. economic grants and loans	2.3	2.6
Total dollars received	25.7	27.0
III. As a result, foreign gold and dollar assets increased (+)	+1.0	
decreased (-)		- .4

p. Preliminary
1/ Excluding military supplies and services

Continental Western Europe

West Germany - During 1957, West Germany increased its gold and dollar assets by $770 million. At the end of that year these holdings amounted to $4.1 billion and were the largest gold and dollar reserves of any foreign country. Most of the increase was made possible by Germany's large trade surplus which in 1957, for example, amounted to nearly $1.0 billion. But as a result of the expectation of a revaluation of the German D-mark and a devaluation of pound sterling, there was also a large inflow into Germany of speculative short-term capital. Most of this was in the third quarter of 1957 and came mainly from the United Kingdom and, to a lesser extent, from the Netherlands. After it became evident that there would be no German revaluation, nor any British or Dutch devaluation, this short-term capital started returning to the countries from which it came. This was in the last quarter of 1957, and was responsible for the reduced accumulation of gold and dollars in that period. In addition to gold and dollars, Germany also had at the end of 1957 large credit balances of $1 billion in the EPU, and $239 million in other EPU currencies.

Italy increased its gold and dollar assets by $254 million in 1957, chiefly because of expanding exports and increased earnings from invisible sources, such as tourist expenditures, ocean shipping and remittances from Italian immigrants in the United States. Receipts from U.S. troops and military expenditures were a little higher in 1957.

Switzerland's large gold and dollar assets in 1957 increased by another $156 million mainly from an inflow of capital (Switzerland is usually a net exporter of capital). Swiss economic expansion continued in 1957. As a result, Switzerland's trade deficit widened, and its price level which had been among the most stable ones - moved slightly upward. The Swiss bank discount rate was raised from 1.5 to 2.5 percent, the first increase since 1936.

Austria's exports have more than tripled since 1950 and have contributed greatly to its balance-of-payments surplus. Receipts from tourism, which will net Austria over $125 million in 1957, is an important source of foreign exchange.

Norway increased its gold and dollar assets $43 million in 1957 through large freight earnings and, to some extent, better market opportunities for some export products. Ocean freight rates more than doubled in the period following the Suez crisis, but after mid-1957, freight rates dropped about as fast as they had previously risen.

Portugal increased its gold and dollar assets in 1957. These assets in relation to their imports are the second largest in Europe. They are equal to Portugal's imports for one year and 4 months.

Sweden's gold and dollar assets increased moderately in the first 3 quarters of 1957, but this gain was offset by a dollar loss in the last quarter of that year. Sweden raised its bank discount rate in mid-1957 to check internal inflationary pressures.

The Netherlands and Belgium and Denmark experienced balance of payments difficulties in the first half of 1957, and their gold and dollar assets declined. Belgium drew $50 million from the IMF to bolster its gold and dollar assets and raised the bank discount rate from 3.5 to 4.5 percent. Following these and other remedial actions, Belgium's gold and dollar losses were largely recouped in the second half of the year. The Netherlands also drew $69 million from the IMF and raised the bank discount rate from 3.75 percent to 5.0 percent. Part of the Dutch losses was due to an outflow of speculative capital, and part to inflationary pressures. In the last quarter of 1957, an inflow of gold and dollars offset much of the earlier losses. Denmark experienced declining reserves mainly due to larger imports. Following corrective measures - expecially controls on internal demand - and the drawing of $34 million from the IMF, this decline was stopped. In the last part of 1957, Denmark more than made up its earlier losses.

France's gold and dollar assets continued to drop in 1957, but, owing to some remedial measures, this decline tapered off in the last quarter. This deterioration in the French exchange position resulted from many factors, such as the Algerian crisis, inflationary pressures, over-valuation of the French franc, and a large industrial investment program. To bolster its declining reserves, France drew $262.5 million from the IMF, devalued the franc from 350 to 420 to the dollar; applied credit squeezes; reduced the budget deficit; and suspended previous import liberalization measures to the Organization for European Economic Co-operation as well as the dollar area. To tide it over its present exchange difficulties, France recently obtained $665 million in various credits. The European Payments Union granted France a $250 million credit. The IMF will allow it to draw an additional $131.2 million; and the United States $274 million. This latter includes refunding of principal payments becoming due to the Export-Import Bank; postponement of 3 lend-lease payments; a sale of U.S. cotton for French francs under PL 480; and an agreement to buy with local currency military supplies for their NATO forces.

Spain's gold and dollar assets declined $45 million in 1957. This followed a drop of $61 million in 1956. At the end of 1957, Spain's holdings are down one-half from what they were at the end of 1955. These declines have in large part been caused by persistent inflationary pressures. In April 1957 Spain devalued its currencies.

Greece's gold and dollar assets amounted to $167 million on December 31, 1957, a decline of $20 million. Most of this loss was in the latter part of the year and was due primarily to increased imports.

Finland achieved a net gain of gold and dollar assets during 1957. Losses in the first half of that year were more than offset by gains in the latter part, brought about by a tightening of import restrictions and a devaluation of the Finnmark from 230 to 320 per U.S. dollar. Following this action the Finnish trade balance bettered. As its foreign exchange holdings increased, some import restrictions were relaxed again.

Estimated Gold Reserves and Dollar Holdings of Foreign Countries[5] and International Institutions

Area and Country	Dec.31 1954	Dec.31 1955	Dec.31 1956	Mar.31 1957	Jun.30 1957	Sep.30 1957 r	Dec.31 1957 p
			- - - Million U.S. Dollars - - -				
Continental Western Europe							
Austria	341	332	371	377	384	426	454
Belgium-Luxembourg (& Belgian Congo)	1,054	1,211	1,239	1,181	1,144	1,173	1,190
Denmark	109	98	102	113	98	139	149
Finland	75	89	93	99	99	102	105
France (& dependencies) 1/	1,489	2,137	1,512	1,310	1,005 2/	1,013	956
Germany (Federal Republic of)	1,999	2,382	3,343	3,534	3,733	4,077	4,113
Greece	124	187	187	189	177	152	167
Italy	935	1,139	1,270	1,252	1,325	1,459	1,524 3/
Netherlands (& Netherlands West Indies & Surinam)	1,123	1,144	1,080	1,034	1,014	983	1,060
Norway	154	177	204	214	219	220	247
Portugal (& dependencies)	560	601	628	628	622	636	651
Spain (& dependencies)	191	224	163	151	145	143	118
Sweden	407	429	483	480	499	508	485
Switzerland	2,223	2,398	2,643	2,542	2,574	2,661	2,799
Turkey	152	153	164	158	158	156	162
Other 4/	951	882	927	913	1,200	885	865
Total	11,887	13,583	14,409	14,175	14,396	14,733	15,045
Sterling Area							
United Kingdom	3,406	2,882	3,015	3,092	3,158	2,687	3,083
United Kingdom dependencies	107	92	107	97	100	113	108
Australia	186	219	191	193	191	197 3/	211
India	335	321	324	325	324	330	330
Union of South Africa	233	266	278	294	295	263	256
Other	181	217	242	251	255	257	254
Total	4,448	3,997	4,157	4,252	4,323	3,847	4,242
Canada	2,709	2,610	2,996	3,046	3,169	3,234	3,194

Latin America							
Argentina	531	509	360	332	345	313	263
Bolivia	32	26	29	25	24	28	26
Brazil	444	468	550	557	468	458	457
Chile	113	139	138	138	132	118	116
Colombia	308	217	210	250	263	244	211
Cuba	547	558	514	521	560	583	525
Dominican Republic	72	77	79	89	98	70	65
Guatemala	62	72	91	101	97	87	92
Mexico	395	560	604	579	508	556	560
Panama	75	87	110	118	136	130	137
Peru	118	127	119	117	110	96	88
El Salvador	59	52	53	73	81	65	58
Uruguay	318	282	260	259	249	244	236
Venezuela	600	671	1,061	1,045	1,452	1,617	1,550
Other	145	139	125	146	151	141	136
Total	3,819	3,984	4,303	4,350	4,674	4,750	4,520
Asia							
Indonesia	181	270	231	188	168	220	190
Iran	169	175	158	178	173	187	193
Japan	854	1,033	1,149	1,007	756	700	710
Philippines	272	274	300	273	249	241	186
Thailand	236	251	261	280	280	276	270
Other	528	651	713	736	774	775	786
Total	2,240	2,654	2,812	2,662	2,400	2,399	2,335
All Other							
Egypt	221	246	238	248	246	242	228
Other 5/	68	80	118	171	182	173	169
Total	289	326	356	419	428	415	397
Total Foreign Countries 5/	25,392	27,154	29,033	28,904	29,390	29,378	29,733
International Institutions	3,863	4,010	3,535	3,387	3,086	2,901	2,919
Grand Total 5/	29,255	31,164	32,568	32,291	32,476	32,279	32,652

r - Revised
p - Preliminary
1/- Excludes gold holdings of French Exchange Stabilization Fund.
2/- Does not include $286 million of gold loaned by Bank of France to the French Exchange Stabilization Fund on June 26, 1957.
3/- Includes latest reported figure (Oct. 31) for gold reserves.
4/- Includes Yugoslavia, Bank for International Settlements (both for its own and European Payments Union account), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.
5/- Excludes gold reserves of the U.S.S.R. and other Eastern European countries.

Source: Federal Reserve Bulletin

Note: Includes reported and estimated official gold reserves, and total dollar holdings as shown in Short-term Liabilities to Foreigners Reported by Banks in the United States, and U.S. Gov't bonds and notes with original maturities of more than one year.

In Turkey inflationary pressures have continued. Prices, in some sectors, rose as much as 20 percent during 1957. Turkey's trade balance improved moderately due mainly to tighter import controls. While its foreign exchange holdings increased, its large external liabilities increased also.

Sterling Area

The United Kingdom experienced large gold and dollar losses during the third quarter of 1957. These were mainly the result of a speculative outflow of funds into German D-mark accounts and, to a lesser extent, into dollar accounts. To stop the drain and to reduce internal inflationary pressures, the Bank of England raised the discount rate from 5 to 7 percent in September 1957. In addition to other remedial measures, the United Kingdom drew $250 million of its Export-Import Bank credit. Also, by agreement with the United States and Canada, the United Kingdom postponed its principal payment of about $175 million on its North American loan. In response to the firm measures taken by Britain, the pound strengthened greatly and total British gold and dollar assets (public and private) increased by $384 million.

Gold and Dollar Assets

	Official	Total (including private)
	(Million dollars)	
December 31, 1954	2,762	3,406
December 31, 1955	2,120	2,882
December 31, 1956	2,133	3,015
December 31, 1957	2,273	3,083
March 31, 1958	2,770	n.a.

In the first quarter of 1958, the British balance-of-payments improved further. Payments surpluses enabled the United Kingdom to add as much as $497 million to its official exchange reserves. A substantial part of this increase stemmed from January and February EPU surpluses ($155 million). These surpluses, in turn, reflected a return of capital that had earlier left the United Kingdom. In March 1958 the discount rate of the Bank of England was reduced from 7 to 6 percent.

A number of countries in the outer sterling area continue to have payments difficulties and declining exchange reserves (most of which are held in Sterling). This has largely been due to a rapid increase in imports related to economic development and inflationary pressures. The export earnings of these countries generally have remained static or declined. New Zealand, India, Pakistan and others have taken steps to curtail imports as one means of balancing their external payments. To bolster its gold and dollar assets the Union of South Africa in March 1958 concluded a $25 million IMF drawing.

Western Hemisphere

Canada's gold and dollar assets continued to rise during 1957 but at a lesser rate than in previous years. In the fourth quarter its gold and dollar assets actually declined by $38 million as a result of a smaller inflow of investment capital, combined with a slightly higher deficit balance on its "current account" (i.e. payments for imports, and receipts from exports of goods and services).

Argentina's gold and dollar assets continued to decline in 1957, because of payments of commercial arrearages and an adverse trade imbalance. Argentina's exchange losses in 1957 would have been even greater had it not been for a net receipt of $34.5 million from the IMF ($75 million drawing minus $40.5 million gold subscription).

Brazil's gold and dollar assets declined $93 million during 1957. This drop was partially offset by an IMF drawing of $37.5 million in the last quarter of 1957. Brazil also has accumulated large external debts. Imports in 1957 were slightly higher than the previous year but export earnings were down from 1956 due to lower coffee prices and reduced volume of exports.

Peru, Chile, Uruguay all lost gold and dollar assets in 1957. Inflationary pressures and increased trade imbalances all contributed to these losses.

Colombia's gold and dollar assets reached a high at the end of June but payments of commercial arrears and reduced export earnings (from lower coffee prices) caused them to decline $16 million in the last half of 1957.

Venezuela increased its gold and dollar assets $489 million, or 46 percent in 1957 due to large inflow of U.S. private capital (particularly in the first half of that year) and increased oil exports.

Asia

Japan, despite the drawing of $125 million on IMF in 1957 suffered a gold and dollar drain of $439 million. Virtually all of the decline was due to the large import requirements of Japan's industrial investment programs. After taking strong corrective measures, this drain was stopped during the third quarter. In the fourth quarter Japan actually regained some dollars.

The Philippine Republic experienced a gold and dollar loss of $114 million during 1957, caused by inflationary pressures and demands of its development programs.

Thailand maintained its gold and dollar assets in 1957, despite reduced rubber and tin earnings in the latter part of that year. Iran's oil exports recovered in 1957, this enabled it to increase its gold and dollar assets $35 million.

Outlook

With one or two exceptions, the industrialized countries should continue to be good dollar customers for U.S. agricultural products. Their gold and dollar assets are now large enough to sustain them over temporary balance-of-payments difficulties assuming that the recession here and in other countries is overcome soon.

In the near future, industrialized countries will derive some benefits from recent declines in the industrial raw materials, (which will reduce the costs of a large segment of their imports) and from the substantial reductions in freight rates that have occurred since the post-Suez peak. On the other hand, those price declines are reducing the import buying power of the raw material producing countries, which in turn, may result in a shrinkage of the market for industrial products in these countries.

It is also likely to further accentuate the balance-of-payments difficulties of the less developed countries. However, to the extent they can obtain outside financing, their imports will likely remain high or even increase. This is brought about by the demands of their development programs and inflated consumer demands. Such dollar (or other hard exchange) credits they may obtain are likely to be for capital-good purchases only. As far as additional food and fiber needs are concerned these countries will largely remain dependent on local currencies sales as provided in PL 480.

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EUROPEAN PAYMENTS UNION NET SURPLUS (+) OR DEFICIT (-) 1957

Country	1st Half	3rd Quarter	4th Quarter	Total
		- - - Million dollars - - -		
Austria	10.5	23.4	- 2.2	31.7
Belgium-Luxembourg	- 36.8	- 45.0	59.3	- 22.5
Denmark	- 37.0	- 16.5	18.6	- 34.9
France	-545.9	-209.8	- 86.5	-842.2
Germany	762.1	697.7	- 34.1	1,425.7
Greece	- 5.7	- 9.4	2.7	- 12.4
Iceland	- 1.4	- .3	- 1.1	- 2.8
Italy	- 72.2	106.3	32.7	66.8
Netherlands	- 19.0	- 92.6	146.3	34.7
Norway	14.8	- 19.4	- 4.9	- 9.5
Portugal	- 32.0	- 5.7	- 21.0	- 58.7
Sweden	55.9	- 11.2	- 5.4	39.3
Switzerland	- 81.8	- 3.3	-102.6	-187.7
Turkey	- 37.1	- 19.3	- 4.3	- 60.7
United Kingdom & Ireland	36.2	-401.4	3.6	-361.6

IMF DRAWINGS AND REPAYMENTS 1957
(Million dollars)

	Drawings	Repayments
Latin America		
Argentina	75.0	
Bolivia	1.0	
Brazil	37.5	
Chile	31.1	12.3
Colombia	5.0	5.0
Cuba	35.0	22.5
Ecuador	5.0	
El Salvador	-	2.5
Haiti	1.0	
Honduras	6.2	2.5
Nicaragua	3.8	1.9
Paraguay	4.0	.5
TOTAL	204.6	47.2
Asia & Africa		
Egypt	15.0	
India	200.0	
Israel	3.8	
Japan	125.0	
TOTAL	343.8	
Europe		
Belgium	50.0	
Denmark	34.0	
France	262.5	
Netherlands	68.8	
Turkey	13.5	7.0
Yugoslavia		9.0
TOTAL	428.8	16.0
TOTAL (all countries)	977.2	63.2

UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

FATP 14-58
April 18, 1958

This circular gives the import highlights contained in Foreign Agricultural Trade of the United States, Trade by Countries, Fiscal Year 1956-57. A similar circular issued on March 10, 1958 dealt with exports.

U. S. AGRICULTURAL IMPORTS COME FROM MANY COUNTRIES

U. S. agricultural imports, which totaled $3.8 billion in value in fiscal year 1956-57, came from more than 130 countries. They were an important part of the 2-way U. S. foreign trade.

The following table gives a breakdown by major areas:

Origin	Value	Percent of total
	$ Million	
Latin America..........	2,046	53.84
Canada.................	167	4.40
Asia...................	779	20.50
Europe.................	393	10.34
Africa.................	313	8.24
Australia and Oceania..	102	2.68
Total............	3,800	100.00

Imports in 1956-57 compared with $4,086 million in 1955-56 and the record of $5,147 million in 1950-51. The decline from 1955-56 reflected mainly less coffee, rubber, cocoa beans, cotton, and wool. A decline has occurred in every year but one since 1950-51. Major reductions since 1950-51 have been in livestock products, cotton, oilbearing materials, vegetable oils and waxes, cocoa beans, vegetable fibers, rubber, and spices.

These imports enabled foreign customers to earn the dollars needed to pay for their purchases from the United States. At the same time, U. S. consumers obtained foreign products which contributed to their high standard of living. These products included coffee, cocoa, tea, bananas, pepper, sisal and henequen, carpet wool, pyrethrum, and other items not produced commercially in this country. Certain cheeses, sheep and lamb skins, canned corned beef, canned hams, and apparel wool also were on the import list.

Almost 60 Percent of Imports Originated in Western Hemisphere

U. S. agricultural imports from the Western Hemisphere totaled $2,213 million in 1956-57, or 58 percent of all U. S. agricultural imports. More than 70 percent of the imports consisted of commodities not produced commercially in the United States. The United States is heavily dependent on Latin American agriculture.

The main Latin American supplier was Brazil, which sent products valued at $668 million, 88 percent coffee. Other notable items were cocoa beans and carnauba wax.

Cuba followed Brazil in importance. Imports totaled $383 million, 84 percent cane sugar. Other Cuban products included cigar leaf and molasses.

Colombia supplied products totaling $323 million, practically all coffee. More than half the imports from Mexico consisted of coffee, but that country was also important for cattle and fresh tomatoes.

Almost 40 percent of U. S. imports from Argentina consisted of carpet wool, but canned corned beef, casein, apparel wool and tung oil also were prominent. Other important Latin American suppliers were Guatemala, El Salvador, the Dominican Republic, Ecuador, Honduras, Venezuela, and Peru.

About 4 percent--$167 million--of agricultural imports originated in Canada. The extensive list of commodities included barley, oats, pork, live cattle, and feed wheat. Practically all the items are similar to, or interchangeable in use with, products of U. S. agriculture. However, the degree of competition is less than the figures indicate. Most Canadian products supplement U. S. production. Many--like vegetables--enter during domestic off-seasons when U. S. growers do not produce in sufficient volume. Some items are specialty products like Canadian bacon and yellow turnips. U. S. brewers take substantial quantities of Canadian malting barley. Canadian feed oats move to the feed-deficit areas of the Northeast.

Over 20 Percent of Imports Originated in Asia

A total of $779 million worth of agricultural commodities was imported from Asia during 1956-57. Three countries stood out prominently among Asian suppliers: The Philippines, Indonesia, and British Malaya. Other important ones were Thailand, India, Japan, Ceylon, and Pakistan.

Largely because of rubber, about 60 percent of the imports from Asia consisted of complementary commodities. Two-thirds of the supplementary, or competitive, imports consisted of cane sugar.

Agricultural imports from the Philippines totaled $206 million in 1956-57, with cane sugar accounting for over half the total. The Philippines followed Cuba as this country's source of cane sugar. Other important Philippine items were copra, coconut oil, coconut meat, and abaca (manila hemp).

Imports from Indonesia totaled $126 million, 83 percent rubber. Indonesia also supplied tea. Rubber accounted for 96 percent of the $105 million worth of imports from British Malaya.

Other principal products from other Asian sources were: India, cashew nuts, tea, castor oil, and carpet wool; Pakistan, jute and carpet wool; Ceylon, tea; and Thailand, rubber.

One-tenth of Imports Came from Europe

Agricultural imports from Europe totaled $393 million in 1956-57, 10 percent of all U. S. agricultural imports. In contrast with Latin America, close to 90 percent of agricultural imports from Europe were supplementary. They competed with U. S. products to some extent. It should be noted, however, that many imports are of fancy grade and often higher in price than comparable domestic items. Moreover, some are produced from U. S. feed.

The Netherlands, with an import valuation of $62 million, was the most important European supplier. Main product was canned ham, but shipments also included cocoa, chocolate, and tulip bulbs.

Turkey was the United States' second important European supplier, sending commodities valued at $51 million, with cigarette leaf accounting for four-fifths. Italy followed with imports totaling $49 million, mainly pecorino cheese, canned tomatoes and tomato paste, Vermouth, and olive oil.

Principal imports from other prominent European countries were: Spain, olives in brine; Greece, cigarette leaf; Poland, canned hams; Switzerland, Swiss cheese; West Germany, canned hams, bristles, malt liquors, wines, and hops; France, wines; the United Kingdom, cocoa, chocolate, and carpet wool; and Denmark, canned hams.

More than 10 Percent of Imports Came from Africa and Oceania

U. S. agricultural imports from Africa totaled $313 million. They originated primarily in one-crop economies. They are an important source--probably the most important source--of dollar earnings for Africa. Because the imports are complementary, or noncompetitive, commodities in strong demand in the United States, Africa is in a favorable earnings position.

The Belgian Congo was the chief supplier, sending $42 million worth, mostly coffee. Angola supplied imports worth $36 million, almost entirely coffee. Other important African coffee suppliers were British East Africa and Ethiopia. For each, coffee accounted for nearly the entire import total.

Other prominent African sources and products were: French East Africa, coffee and cocoa beans; Ghana and Nigeria, cocoa beans; Liberia, rubber; Madagascar, coffee and vanilla beans; and the Union of South Africa, apparel wool.

Imports from Australia and Oceania totaled $102 million in 1956-57. New Zealand supplied imports totaling $51 million, principally apparel wool, sheep and lambskins, and carpet wool. Australia shipped $50 million worth, mainly apparel wool.

Tropical and Semitropical Products Dominated Imports

The United States imported mostly products best grown in semitropical and tropical regions. Most commodities came from one or at most a few countries.

By far the largest import is coffee. Its $1,396 million value in 1956-57 was more than a third of all U. S. agricultural imports. Brazil and Colombia shipped 65 percent of the total. Mexico, Guatemala, and El Salvador accounted for 14 percent more.

Cane sugar, valued at $441 million, followed coffee in importance. Cuba accounted for 73 percent; the Philippines, 24 percent.

Rubber was this country's third most important agricultural import. Imports of $344 million come principally from Indonesia, British Malaya, and Thailand.

Wool imports totaled $220 million, originating mostly in Australia, New Zealand, and the Union of South Africa. Other major suppliers were Argentina, India, Iran, Iraq, Outer Mongolia, Pakistan, Peru, and Uruguay.

Fruits and preparations imports totaled $138 million and included bananas from Honduras, Ecuador, and Panama; fresh apples from Canada; berries from Canada and Mexico; dates from Iraq; olives in brine from Spain; and canned pineapples from the Philippines.

Imports of meats amounted to $135 million, 52 percent canned hams and 17 percent canned corned beef. The hams originated chiefly in the Netherlands, Poland, and Denmark; corned beef, in Argentina. Canned corned beef in small cans is not produced for regular consumption in the United States. The Netherlands is a large importer of U. S. tallow, lard, and other packinghouse products.

Well over half the cocoa bean imports of $122 million originated in Brazil, Ghana, and Nigeria. Other large suppliers were French West Africa, the Dominican Republic, Ecuador, and Venezuela.

Unmanufactured tobacco imports totaled $92 million, 70 percent unstemmed cigarette leaf, mostly from Turkey and Greece.

Imports of vegetable oils and waxes were $88 million, principally coconut oil from the Philippines and olive oil from Spain, Italy, and Tunisia.

Grains and grain products valued at $80 million, mainly barley grain, barley malt, oats, and feed wheat, came entirely or chiefly from Canada.

Imports of vegetables and preparations totaled $61 million, including potatoes from Canada, fresh tomatoes from Mexico, canned tomatoes from Italy, and tapioca and cassava from Thailand.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 15-58
May 16, 1958

UPWARD TREND IN CENTRAL AMERICAN AGRICULTURAL PRODUCTION CHECKED, BUT OUTLOOK GOOD

Widespread drought in 1957 checked the upward trend of agricultural production in Central America of the past several years.

The index of production in the six countries for 1957-58 is estimated at 106 percent of the 1952/53-1954/55 average, compared with 108 percent a year ago. Production of the two principal commercial crops, coffee and bananas declined slightly. The most important food crop, corn suffered a six percent drop from the previous year. Of other food crops, most showed increased production. Sugar production was up and the outturn of potatoes, vegetables and most fruits was as large or slightly larger than in 1956-57.

Guatemala is the principal agricultural producer in Central America. But relative to the 1952-54 crop year, the percentage increase of agricultural production has been greater in El Salvador and Nicaragua than in Guatemala. (See table 1)

Outlook

Better farming practices, including more widespread use of fertilizer and improved seed are expected to contribute to a general increase in agricultural production in Central America during the next several years. For the area as a whole, current agricultural policies are aimed at self-sufficiency in food crops, but at a higher level of consumption. Production of beans and rice probably will increase at about the same rate as population. Corn may show a greater increase because of use of hybrid seed and somewhat expanded acreage.

Wheat and flour imports will continue to be necessary because suitable areas for expansion of wheat production are limited. Dairy herds are being improved by the addition of imported purebred stock and supplemental feeding of grain is boosting milk production. Therefore a slight upward trend in consumption of dairy products is expected to continue. Sugar production is increasing and the area should continue on a net export basis. Cotton is likely to be a surplus commodity as production continues to expand in most of the Central American countries.

The area probably will continue to produce record or near record coffee crops due to new methods of cultivation, increased use of fertilizers and insecticides, and putting into production of new coffee lands. Exports will be restricted under terms of the Mexico Convention on coffee, held in October, 1957. Under this agreement countries producing mild coffees agree to: (1) limit their shipments during the period November 1, 1957 to March 31, 1958 to 80 percent of average quantities shipped in the previous two years and (2) constitute a reserve amounting to 10 percent of shipments made from November 1, 1957 to September 30, 1958.

The United States imports around 50 million stems of bananas a year, half of which are supplied by the Central American countries. Production for the area probably will increase further over the next few years. The fruit companies have spent large sums for expansion of the industry and exports should increase accordingly.

Guatemala

Guatemala's agricultural production in 1957-58 is down slightly from the level of 1956-57, largely because of the reduction in the corn crop. Corn production, however, together with a moderately large carry-over and an increased sorghum crop should provide most of domestic requirements. Some corn imports may be needed, especially later in the season.

Exports of coffee and cotton in 1957-58 will approximate the record 1956-57 levels. Banana exports for 1957 are estimated at 6 million stems, up from 1956. Exports of chicle and essential oils also should be maintained at 1956-57 levels, but abaca exports are slowly declining.

Guatemala is nearly self-sufficient in food production at the traditional low levels of consumption. Corn and beans are the major staples, followed by wheat, rice, sugar, potatoes, fruits and vegetables. The consumption of meats, dairy, and poultry products is low but slowly increasing. The fishing industry is being encouraged as a means of improving diets. The country is expanding agricultural production at a pace about equal to its rapidly growing population and should continue to be nearly self-sufficient.

The Government stimulates corn production by providing a guaranteed minimum price of $1.66 per bushel delivered at the central silo in Guatemala City. The price was increased to $2.21 last summer to encourage larger plantings of the "second" crop. The program has been ineffective because the

guaranteed price has been below prevailing prices. Larger corn crops may result, however, from new varieties being developed, improvement in cultural practices and additional acreage.

The upward trend in wheat and flour imports should continue. The policy of the Government is to encourage the milling of more of its flour domestically, with a larger proportion of the wheat-flour imports in the form of wheat. The country had reached a small net export basis for sugar, but there is only a limited market for the semi-refined sugar now being produced.

Of the principal export crops, coffee production probably will continue to increase over the next few years. The increase may be accelerated as more and more emphasis is placed on coffee research and making more effective use of the information already known. However the world surplus problem now developing will be a factor tending to impede increased production. Cotton acreage is expected to stabilize at slightly above the present level. Banana production should increase moderately over the next several years and other export crops hold close to or slightly increase over present levels, except that abaca may continue to decline.

El Salvador

El Salvador is the smallest and most densely populated of the Central American Republics. Agricultural production has increased over the past several years but in 1957-58 output will be down from the preceeding year because of the dry weather. Corn, the basic food crop, will be down about 5 percent despite increased use of hybrids, and imports of about 543,000 bushels will be needed. Sorghum, another important food and feed crop, also will be lower.

The bean crop may be a little larger, and rice about the same as last season. The composite outturn of other items such as bananas, plantains, fruits and vegetables should be near last season's levels. Of the export crops, exportable coffee production is estimated at 1,250,000 bags, somewhat below 1956-57. The cotton crop should exceed last season's output of 140,000 bales. El Salvador will import a somewhat larger volume of agricultural commodities in 1957-58 than a year earlier because of lower production and a slowly increasing per capita consumption.

The principal import is wheat and flour. The bulk of the domestic requirement is met through imports, most of which are of flour. Imports are expected to be higher in 1957-58 than in the previous year. There probably will be substantial increases in imports of sorghum and rice and about the same level of imports of beans, tallow, lard and other fats.

Much emphasis is being given to increasing corn yields. The hybrid "Rocamex" was planted extensively this past year and partially accounts for the fact that corn output did not decline as much as expected despite the dry weather. Over the next several years El Salvador may be able to expand its corn output as much as 20 percent on 10 percent less acreage. Increased yields per

acre also look reasonable for other food and export crops, although the increase probably will be more limited than in the case of corn.

Honduras

Agricultural production in Honduras in 1957-58 will be somewhat below a year earlier because of smaller crops of corn and bananas. Production of other major commodities will be near or slightly above 1956-57. Shipments of bananas will be lower, but exports of most other crops should be a little higher. Imports of dairy products and wheat and flour should hold around last season's level and some increase is expected in the importation of rice, sugar, prepared cereals, and canned goods.

For the longer-term outlook, Honduras should continue nearly self-sufficient in most of its basic food crops. Increases in production probably will keep pace with gains in population and perhaps permit a slight increase in per capita consumption. Honduras probably will continue as a small net exporter of corn and as a net importer of rice. On the export side, coffee should continue to increase, although at a slow rate. Exports of bananas, down in 1957 because of labor difficulties in April and blow-downs in May probably will continue as Honduras' chief export.

Nicaragua

Despite the drought, Nicaragua probably will be about self-sufficient in the basic food crops this coming year with the exception of rice. Imports of rice may be needed, and may be purchased from Ecuador. Corn yields were adversely affected by the drought but with high carry-over stocks, imports may not be necessary. A larger area than usual of both corn and rice was planted in 1957. Bean production did not suffer much from the dry weather that ended in September. The second crop of beans, harvested late in the year, accounts for 80 percent of the total yearly production; growing conditions for this crop were good. The area devoted to sorghum has been increasing since late 1953-54, and a further increase is expected for next year. On the other hand, there has been a decline in sesame acreage with no prospect for a change next year. A bumper cotton crop of 200,000 bales topped that of 1956-57 by 7,000 bales.

Costa Rica

The drought that affected all of Central America in 1957 ended in September in Costa Rica. Corn, bean, and rice supplies were seriously curtailed and 1957-58 imports will be necessary. Sugar production increased considerably in 1957; imports are not necessary and growers expect to fill their 1958 quota for export to the United States under the Sugar Act. Costa Rica produced a record breaking coffee crop estimated at 725,000 bags in 1957-58. However, the decline in prices continues to cause concern. Banana production has suffered from "blow-downs" and plant disease for the past few years and 1957 exports, originally estimated at about 7 million stems have been

reduced by about 5 percent. Exports of cacao will be about equal to last year. For the first time, Costa Rica expects to export a small amount of cotton.

Panama

Corn and rice in Panama were hurt by the drought and 1957-58 imports will be necessary. But the dry weather favored sugar production and this, together with expanded acreage accounted for a good yield in 1957. Panama will export sugar and will be able to meet its 1958 United States quota. Banana production showed some expansion the first quarter of 1958 but "blow-downs" in April destroyed some 500,000 plants in fruit.

Table 1.--Indices of Agricultural Production In Central America (1952/53 - 1954-55 = 100)

Country	1956/57	1957/58
Costa Rica	91	90
El Salvador	129	124
Guatemala	113	111
Honduras	98	97
Nicaragua	132	119
Panama	96	87

Table 2.--U. S. Agricultural Exports to Central America

Country	1954	1955	1956	1957
		Million dollars		
Costa Rica	5.7	6.5	6.8	5.4
El Salvador	5.6	8.6	5.7	5.7
Guatemala	7.7	11.4	9.4	9.1
Honduras	3.5	5.2	3.8	4.1
Nicaragua	2.1	3.9	3.3	3.7
Panama	9.8	7.9	8.9	12.4

Table 3.--U. S. Agricultural Imports from Central America

Country	1954	1955	1956
	Million dollars		
Costa Rica	32.6	27.6	18.1
El Salvador	60.8	61.7	48.2
Guatemala	62.7	66.7	73.8
Honduras	25.4	20.5	27.2
Nicaragua	23.9	23.3	17.9
Panama	14.5	15.7	13.0

Table 4.--Production of Selected Food Commodities in Central America

Country	Corn		Rice		Beans		Sugar	
	1956/57	1957/58	1956/57	1957/58	1956/57	1957/58	1956/57	1957/58
	1,000 bushels		Million pounds		1,000 bags		1,000 short tons	
Costa Rica	2,692	2,362	110.0	85.0	360	290	33	42
El Salvador	7,400	7,060	66.3	66.3	573	550	51	50
Guatemala	19,020	18,110	29.2	26.5	660	660	70	70
Honduras	9,380	8,500	29.7	30.0	603	598	13	15
Nicaragua	5,370	5,000	75.0	65.0	862	690	45	48
Panama	3,366	3,029	215.9	173.0	171	125	25	24

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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 16-58
May 23, 1958

AUSTRALIA STRIVES TO MAINTAIN EXPORTS DESPITE 1957-58 AGRICULTURAL PRODUCTION DIFFICULTIES

Four-fifths of Australia's total export income comes from agricultural products. There has been, therefore, a serious reduction of total export income as a result of smaller export supplies, caused by drought, of wheat, wheat flour and barley, and lower prices for wool and dairy products.

But Australia is making every effort to supply Southeast Asian and Philippine markets, and fulfill commitments for wheat and wheat flour under trade pacts with Japan and the United Kingdom.

Australian efforts in recent years have been designed to increase markets for agricultural exports and to solidify the position of Australian products in established markets. Two trade agreements important to U. S. agriculture were signed in 1956 and 1957 and influence the direction of many of Australia's farm exports. The Australian-United Kingdom agreement, effective in late 1956, assured Australia a market for annual shipments of wheat and wheat flour equivalent to 28 million bushels through 1962. Australia also enjoys tariff preferences in the United Kingdom market on many fruits, grains and livestock products. An agreement signed with Japan in mid-1957 guarantees Australia favorable markets for wool, wheat, barley, sugar, tallow, cattle hides, dried skim milk and raisins.

Import relaxations to date have had no major effect on imports of U. S. products. Licensing continues, with little likelihood of major change for cotton, tobacco, hops, hog casings and naval stores. Current Australian import policy on such commodities is to insure that industry is adequately supplied but that excessive stocks are not accumulated. The United States continues as the major supplier of tobacco.

Indications are that Australia will pursue negotiations for trade agreements with other countries during 1958 and 1959 to expand exports of agricultural commodities. While manufactured products are being emphasized, it is predicted that farm exports will be needed to make up the bulk of any increase in export earnings for some time.

Table 1.--AUSTRALIA: Acreage and production of selected crops, 1956-57 and 1957-58 1/

Crop	Acreage 1956-57	Acreage 1957-58 2/	Production 1956-57	Production 1957-58 2/
	1,000 acres	1,000 acres	1,000 short tons	1,000 short tons
Wheat	7,800	8,800	4,050	2,904
Barley	1,941	2,000	1,250	720
Oats	2,900	2,480	850	304
Rice 3/	53	50	88	95
Sugar, raw	4/ 378	4/ 386	1,353	1,400
Apples	68	69	237	284
Peaches	10	10	46	50
Pears	18	19	92	98
Apricots	7	7	32	30
Dried vine fruits	135	135	88	95
Tobacco	13	14	10	11
Cotton	11	9	5/ 1	5/ .5
Livestock products				
Wool	---	---	782	732
Beef and veal	---	---	900	885
Mutton	---	---	244	258
Lamb	---	---	155	151
Butter	---	---	234	213

1/ July-June year.
2/ Estimated.
3/ Paddy.
4/ Sugarcane.
5/ Converted at 500 lb. bale weight.

Source: Australian Official Sources and other information.

Table 2.--AUSTRALIA: Exports and imports of selected agricultural commodities, 1955-56 and 1956-57 1/

Commodity	1955-56 Exports	1955-56 Imports	1956-57 Exports	1956-57 Imports
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Wheat (incl. flour)	3,087	---	3,654	---
Barley	528	---	662	---
Rice (milled)	48	---	33	---
Sugar (cane)	663	---	757	---
Dried vine fruits	69	---	50	---
Apples, fresh	105	---	83	---
Pears, fresh	23	---	23	---
Fruit, canned	105	---	67	---
Wool, raw 2/	649	---	725	---
Beef and veal	161	---	167	---
Mutton and lamb	58	---	39	---
Butter	93	---	85	---
Condensed milk	28	---	33	---
Dried milk	36	---	33	---
Tallow	54	---	59	---
Cotton 3/	---	25	---	30
Tobacco, unmanf.	---	23	---	20

1/ July-June year.
2/ Greasy basis.
3/ Includes linters.

Source: Australian Official Sources and other information.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

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May 20, 1958

PERU'S NEEDS FOR AGRICULTURAL IMPORTS LIKELY TO CONTINUE IN 1958

Peru in 1958 is expected to continue to import larger than normal quantities of wheat, rice, beef, fats and oils, dairy products, and possibly some corn, barley and other feed grains. These imports are needed to offset a reduction in Peruvian agricultural production, and provide for greater consumption needs.

Agricultural production in Peru in 1957 was unsatisfactory because of drought which directly affected production in the highlands and, indirectly, coastal production which depends on irrigation water from the mountains.

The potato and wheat crops are believed to have been moderately larger than in 1956, which was also a drought year. However, they were still below average production for recent years. The crops of corn and rice were reduced further. Production of barley, quinoa and some fruits and vegetables was relatively satisfactory, but production of Peru's two major agricultural exports, sugar and cotton was below output in the preceding year, the cotton crop being substantially smaller. Drought and pests reduced both yields and quality of the cotton crop.

Peru's 2-year drought now appears to be generally broken, but agricultural production is not expected to reach normal levels in 1958. Some crops are late and there has been a shortage of seed, a reduction in planted area, and a drought-induced reduction in livestock numbers.

Peru's exports fortunately are more diversified than those of many other lesser developed countries. However, this was not as helpful in 1957 as might have been expected, since the prices of the country's major exports - cotton, sugar, copper, lead and zinc - declined more or less simultaneously. These declines, together with a reduced agricultural output and increased domestic consumption of certain export products, slowed the rapid growth of

the past few years in the value of Peru's exports. Exports in 1957 of $330.0 million compared with $311.4 million in 1956 was a rise of only 6 percent against a 15 percent rise during the preceding year.

Although exports increased only moderately during 1957, imports continued their rapid rate of increase. This resulted from a rise in incomes and consumer demand in Peru; the need for imported foodstuffs to offset shortages caused by the drought, an increase in imports needed for various investment projects and higher prices of many imported products. Total imports were valued at $448.1 million compared with $384.3 million in 1956.

In 1958 efforts are being made to curtail Peruvian imports so that they will be more in line with probable exports; but it is expected that this reduction will be made in non-agricultural goods in order to permit food consumption at about present levels. Reduction in imports will occur as a result of tight credit, higher tariffs and higher local costs due to the depreciation of the sol which occurred in January 1958.

Agricultural Development and Outlook

Peru's agricultural economy can be divided into two relatively distinct segments. The first relates to subsistence production for local needs, and the second to production for export. In recent years these segments have gradually become more interrelated, and there are prospects that the first, which includes a large barter-subsistence area, will become integrated with the national economy at a more rapid rate in 1958 and coming years.

Many of the most significant developments in 1957, occurred in the sector which produces for domestic needs. The first was the continuation and the geographic extension of the general Andean drought which started late in 1955. The drought reduced the flow of western rivers and its effects probably will be felt in 1958 and later years. Its principal effects in 1957 were:

(1) Small production of food crops. Crops which apparently declined or showed little increase over the sharply reduced 1956 production, included such basics as rice, corn, pulses and several vegetables. There was only moderate recovery in wheat, barley, quinoa and in some fruits and vegetables. As a result there were greater imports of wheat, rice, beans and barley. There were more Government-sponsored imports of wheat, and renewed imports of rice.

(2) A continuation of the U.S. Public Law 480, Title II, relief program in the designated drought area. Approximately 45,000 tons of wheat, corn, barley and milk were distributed. The Peruvian Government distributed rice and potatoes.

(3) Since the affected area was important in livestock production, especially sheep, a further drop in meat supplies followed heavy distress-slaughter in 1956. In 1957 frosts and poor pastures further curtailed livestock numbers, and the production of meat and other livestock products notably wool, pork and lard, and some dairy products. This resulted in record

importations of beef and beef cattle from Argentina and Central America and increased imports of lard, cheese and evaporated milk.

(4) Reduced food output in lower valleys, mainly along the coast. Commercial cotton, sugar and perhaps rice, continued to receive most of the limited amount of irrigation water.

(5) Accelerated increase in the price of most foodstuffs. This, of course, added to inflationary pressures.

The continued drought in the stricken Southern area stimulated a general recognition of the aggravated crowded rural conditions in that area. There was increased activity by a non-Governmental committee, appointed in late 1956 to study living conditions including those on farms and in rural areas. Activities of Peru's Engineers' Society resulted in the forming of an Institute of Economic Studies to formulate plans for general agrarian and rural reform.

In 1958 the Government, at the suggestion of the Southern Peru Economic Development Commission plans to extend highway construction to give greater access to the eastern jungle area. A program of agricultural sanitation, education and industrial development, to improve living conditions in that area will be commenced. The use of supervised agricultural credit will be intensified.

Grains. Production of wheat in 1957, estimated at 5,327,000 bushels was only 4 percent greater than the drought-reduced crop of 5,143,000 bushels produced in 1956. This increase resulted mainly from sharp increases in the coastal Departments of Ica and Lima which grew large acreages of an heavy-yielding rust-resistant variety. This, and a recovery in Ayacucho are believed to have more than offset further declines in parts of the acute drought area where there was poor land preparation and little seed.

Production in 1958 is expected to increase moderately as seed becomes more generally available and land preparation more widespread. Imports of wheat and wheat equivalent in 1957 are estimated at 12,126,000 bushels, including over 10.7 million bushels of commercial and Public Law, Title I, wheat and over 1.3 million bushels of Public Law, Title II, relief deliveries. This plus the moderate increase in production, is believed to have resulted in a further moderate increase in domestic consumption.

Corn production in calendar year 1957 estimated at 9,842,000 bushels, represents a decline of 9 percent (984,000 bushels) from 1956 and marks the fifth consecutive year of reduction. In 1957 the continued drought, seed shortages, difficulties of land preparation, and disease caused further drops in all major southern (drought area) departments excepting Cusco where there was sufficient moisture in corn-growing valley bottom in Huancavelica and Junín.

Assuming about normal weather in 1958, with the greater availability of seed in the drought area from crops produced in Junín, Cusco and Huancavelica, the downward trend in production should be checked and a crop of 10,629,000 bushels is forecast. With normal weather, there should be a production recovery in most corn-growing coastal valleys.

Peruvian corn imports in 1957 are estimated at 512,000 bushels.

Barley production in 1957 estimated at 7,670,000 bushels was 4 percent larger than the 1956 crop of 7,349,000 bushels and represented a general recovery in the drought area. Seed has been relatively plentiful. Land normally used for growing potatoes was planted in barley, a relatively more durable and a faster maturing crop.

A further sharp recovery is expected throughout the sierras in 1958 and production is forecast at 8,497,000 bushels.

Imports of barley in recent years have been mainly in the form of malt from Canada and Chile. Shipments from the United States recently have been unimportant. In 1956 barley imports included nearly 4,000 tons of Public Law 480, Title II, grain for the drought area, about 1,000 tons of commercial barley from Chile, in addition to the barley equivalent of about 13,000 tons of malt. There also have been insignificant imports of barley in the form of flour, pearly barley and malt flour in recent years.

Barley imports in 1957, estimated at 49,600 tons, include over 27,500 tons of Public Law 480, Title II, grain, the barley equivalent of about 13,200 tons of malt and some further commercial imports as grain.

Nearly all of the available domestic barley supply is believed to be used in the year following production. Normally, the only exception is the relatively small carry-over of malting barley used in the brewing industry.

Peru's 1957 rice crop, estimated at 326.3 million pounds (milled)represents a drop of about 6 percent (22 million pounds) from a year earlier. This was the fourth consecutive crop decline. The area planted in each of the last 3 years has decreased because of irrigation water shortage at transplanting time (December-January). Some of the decline probably has resulted from acreage shifts to cotton, sugar and other crops not under rigid price control.

Declines in the 1957 rice crop were serious in the important zones of Pacasmayo and in Chiclayo, largely because of a shift to sugar and the lateness of the season. There was also a slight decline in the Valleys of Piura Department where heavy rains preceded a period of hot weather. Assuming about normal weather in 1958, production should recover moderately. A price increase the latter part of 1957 should at least check further acreage reduction.

Imports in 1957 were much greater than those of a year earlier. This is believed to have resulted from the decline in the 1957 crop, the increased

consumption of approximately 20 million pounds, and the desired increase of some 40 million pounds in reserve. Peruvian imports of rice have been insignificant in recent years but it now appears that imports may remain heavy for a number of years. Sources of supply have been the United States and Ecuador.

In 1956 production of quinoa and canihua, unofficially estimated at 36,000 tons, represents a decline of only 10 percent from the 40,000 tons produced in 1955. Since most of this grain is produced in the drought area, the unexpectedly moderate reduction in the production of this native nutritious grain reportedly has been due to its resistance both to drought and disease. There may have been a moderate recovery in 1957 and production in 1958 may show a nearly complete recovery.

Livestock. Peru imports annually relatively large quantities of beef. These imports in recent years have been accentuated by reduced output in the southern Andes from which urban areas receive much of their meat supplies. The need to conserve foreign exchange, the inability to depend upon the southern Andes for needed supplies and the favorable production conditions in other areas are expected to promote beef cattle development in 1958. This is reflected in the activities of the Ministry of Agriculture, the Agricultural Bank, and a congressional proposal to establish a livestock development bank with a capital of 200 million soles ($10.6 million U.S.) for long-term loans. Greater attention probably will be directed to cattle development in northern Peru (Piura) and the eastern slopes of the Andes. The first large commercial shipment of beef was flown from the latter area to Lima in February 1958.

Production for Export

There were important developments in 1957 in the economic segment referred to as commercial development for export. Cotton production estimated at 460,000 bales was 7 percent smaller than the 1956 crop because of shortage of irrigation water and extensive pest damage. The latter also resulted in a crop of generally inferior quality. Cotton exports of approximately 368,000 bales represented a drop of 25 percent from the 1956 high level. In value, cotton exports in 1957 of $67.8 million were 21 percent less than the preceding year. Both producer income and Government revenues declined in 1957 compared with a year earlier.

In early 1958 cotton prices expressed in dollars, continued to drop. Up to the time of the freeing of the exchange rate in late January, there was a tendency to accumulate cotton. Port stocks in turn were extremely heavy. There have since been increased deferred sales of 1958 crop.

With irrigation water more plentiful than a year ago, and with prospects for a better control of cotton pests, production is expected to increase moderately in 1958. Assuming that cotton prices do not decline further and that there will be some net exports from inventories, an expected increase in exports probably will about offset the effect of the price decline, and the total value of cotton exports probably will be about the same as in 1957.

Affected by a shortage of irrigation water throughout most of the year, sugar production in 1957 totalling 788,000 short tons represented a decline of 17,000 tons from 1956. This interrupted an upward trend since 1951. Augmented by heavy first-of-year stocks, however, sugar exports of 545,000 tons set a record exceeding the previous year by about 14 percent in volume. Since prices also were higher the $49.6 million export value was up 51 percent.

A moderate increase in sugar production in 1958 over 1957 is expected as a result of additional irrigation water, and higher yields which stem from greater use of improved varieties and techniques. In spite of this increase, however, it seems likely that sugar exports will be moderately less than in 1957 because of the sharp reduction in beginning inventories, and a further increase in local consumption. There also has been a sharp drop in world sugar prices since early 1957 and no appreciable price recovery is expected this year. Thus, both producer and Government income from sugar is expected to be materially less in 1958 than in 1957

Sheep's wool production which declined in 1956 dropped still further in 1957. Following the tendency to delay shipment in a period of declining prices in 1956, there was a sharp increase in inventories at the beginning of 1957. Favored by a special tax concession, exports increased sharply and 1957 exports totaled approximately 3,329 tons for an estimated value of $3.9 million. This was over 3 times the value of exports during the previous year. With beginning inventories still heavy in 1958 and a slight recovery in wool production expected, Peru's income from wool exports should be only moderately lower than in 1957

Auchenia wools, mainly alpaca, showed a decline in production believed to be relatively greater, as a result of the drought, than in the case of sheep's wool. Exports in 1957 were relatively heavy and sold at good prices during the first 9 months. Exports of alpaca hair for the year were valued at $5.2 million as compared with $5.8 million in 1956. Inventories were low at the beginning of 1958 and with little production recovery in prospect, Peru's income from alpaca wool exports is expected to be lower than in 1957.

Peru's 1957 production of coffee grown on the eastern slopes of the Andes showed little effect of the drought. Total production was estimated at over 16,000 metric tons compared with about 12,000 tons in 1956 and 1957 exports totaling approximately 9,200 metric tons set a new record. Exports were valued at $13 million or an increase of 46 percent over 1956. In 1958 Peru's coffee production is expected to exceed the previous year's output much of which will be available for export. Peru's total income for coffee exports in 1958 is expected to show little change from that of a year earlier due to lower prices.

Little increase in export income is expected from Peru's minor production-for-export crops such as tea, barbasco, castor beans, cacao, Cuzco corn, and a variety of jungle products. The market for most subtropical products was sharply depressed at the close of 1957 and there seemed little prospect for appreciable improvement in 1958.

In summary, the prospects for foreign exchange earnings from agricultural exports in 1958 now appear unfavorable as compared with a year earlier.

Table 1. PERU: Wheat, Corn, and Barley Supplies and Distribution, Calendar Years 1953-56, With 1957 Preliminary and 1958 Forecast

Year	Production	Beginning Stocks	Imports	Total Supply	Domestic Disappearance	Ending Stocks	Exports
			1,000 bushels				
WHEAT							
1953	6,200	1,726	9,537	17,463	15,810	1,653	0.4
1954	5,971	1,653	9,432	17,056	15,954	1,102	0.1
1955	5,584	1,102	11,241	17,927	16,270	1,653	4.0
1956	5,143	1,653	10,841	17,637	16,346	1,286	5.0
1957	5,327	1,286	12,126	18,739	16,530	2,205	4.0
1958 1/	5,511	2,205					
CORN							
1953	12,552	819	38	13,409	12,685	724	0.4
1954	11,961	724	100	12,785	12,258	500	27.0
1955	11,677	500	43	12,220	11,750	433	37.0
1956	10,826	433	587	11,846	11,275	531	40.0
1957	9,842	531	512	10,885	10,315	531	39.0
1958 1/	10,629	531					
							Imports
BARLEY							
1953	10,358	101	739	11,198	11,083	115	523
1954	10,371	115	726	11,212	11,097	115	515
1955	9,534	115	771	10,420	10,291	129	546
1956	7,349	129	995	8,473	8,312	161	543
1957	7,670	161	2,067	9,898	9,131	767	551
1958 1/	8,497	767					

1/ Forecast.

Table 2. PERU: Milled Rice Supply and Distribution by Marketing Years, 1953-56 with 1957 Preliminary and 1958 Forecast

(In million pounds)

Mktg. Year Beg. June 1	Production 1/	Beginning Stocks	Imports	Total Supply	Exports	Apparent Disappearance: Seed & Other 2/	Food	Total
1953	416.7	78.7	6/	495.4	69.4	40.2	328.5	368.7
1954	370.4	57.3	6/	427.7	-	12.2	338.8	351.0
1955 3/	359.3	76.7	00.1	436.1	-	11.0	350.5	362.5
1956 3/ 4/	348.3	73.6	11.5	433.4	-	10.8	374.8	385.6
1957 4/	326.3	47.8	116.8	490.0	-	11.0	396.9	407.9
1958 5/	352.7	83.1						

1/ Includes allowance for rice saved for seed and for "non-commercial" production in fringe areas.
2/ Includes estimated losses in storage and transit. 3/ Revised. 4/ Preliminary. 5/ Embassy forecast based on official and trade information. 6/ Less than 50,000 pounds.

Table 3. Peruvian Exports of Principal Agricultural Products by Value, 1947 - 1957

(Value in million dollars)

Year	Cotton & Linters	Sugar	Sheep's Wool	Alpaca & Other Wool	Coffee	Hides & Skins	Cottonseed Cake & Meal	Total	Exchange Rate
1947	34.9	46.2	0.2	1.6	0.4	1.1	-	84.4	(6.50)
1948	19.2	15.4	0.1	0.8	neg.	0.4	0.2	36.1	(14.50)
1949	35.4	19.5	0.5	2.3	0.4	0.7	0.4	59.2	(17.73)
1950	68.3	29.8	3.2	4.8	1.0	1.2	0.5	108.8	(14.85)
1951	85.5	34.2	6.3	7.5	2.4	2.4	2.0	140.3	(15.08)
1952	80.5	32.8	1.9	5.7	2.8	1.1	1.8	126.6	(15.43)
1953	64.6	34.7	2.4	6.4	5.4	1.1	1.8	116.4	(16.85)
1954	66.2	32.7	2.3	6.2	7.1	1.4	2.4	118.3	(19.39)
1955	70.1	36.9	0.2	5.7	8.0	1.3	2.4	124.6	(19.00)
1956	85.5	32.8	1.3	5.8	8.9	1.3	1.5	137.1	(19.00)
1957	67.8	49.6	3.9	5.2	13.0	1.8	1.7	143.0	(19.00)

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

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SINO-SOVIET ECONOMIC OFFENSIVE PENETRATING LESS DEVELOPED COUNTRIES OF THE FREE WORLD

The emerging Sino-Soviet economic offensive is attracting widespread attention as a potentially major force in reshaping world trade patterns to the disadvantage of the Free World.

U.S. agriculture, with heavy dependence on foreign markets, is vitally concerned with keeping world trade strong and expanding. Efforts by the Communist bloc countries to shrink, or control for political purposes, world market outlets for U.S. and other Free World products together with all the other broader aspects of the economic offensive, gives cause, therefore, for concern.

Keeping U.S. farm products moving into increasingly competitive world trade channels requires active market promotion and staying abreast of rapidly changing world conditions. In this light the problems and prospects raised by the Communist bloc's economic offensive need to be fully understood and recognized as a growing influence in world trade.

There are many indications that the Sino-Soviet bloc has decided to make a formidable effort to expand Communist control over larger producing and marketing areas of the world behind an economic offensive featuring the slogan "peaceful coexistence".

Informed sources on Communist strategy believe that the economic and political offensive may have been assigned precedence over overt military aggression, at least for the immediate future. Bloc leaders have apparently preferred to shift emphasis, and are attempting to gain the same objectives by an economic and political offensive.

The immediate purpose of the present campaign is to loosen both the economic and political ties of the underdeveloped countries with the U.S. The tools of this campaign are trade expansion, economic and technical assistance, exchange of technical and cultural missions, relaxation of travel restrictions

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and pressures to breakdown the economic restrictions on the sale of strategic goods and commodities to the Sino-Soviet orbit. The longer term objective is to align the foreign policy of the so-called "neutralist countries" with that of the bloc and eventually to bring them into the fold of the "socialist camp" thereby weakening and undermining the Western world - the ultimate objective of the Sino-Soviet offensive.

The essence of this strategy, so far as the Free World's trading opportunities are concerned, is that implementation calls for attacking the West by closing off, or greatly restricting, the less developed areas as markets and sources of raw material. Significantly, and quite apart from ideological considerations, heavily industrialized countries such as Britain and Japan that must trade to live are openly vulnerable to this type of economic pressure.

The United States, with large supplies of raw materials and a strong domestic market, is less vulnerable but by no means unaffected. Economies of the Free World countries, though not as closely integrated as bloc nations, are nevertheless very interdependent for joint defense, markets, supplies of materials and economic stability.

Market outlets for U.S. agricultural products are a good example: In recent years Britain and other Western European countries and Japan have provided a market for about two-thirds of U.S. farm exports. But these areas must sell their own manufactured products in world markets to earn the necessary foreign exchange to pay for their imports.

U.S. Trade With the Less Developed Areas

The underdeveloped, primarily agricultural countries of the world, have become a major target in the broad-gauge Sino-Soviet economic offensive now being waged against the Free World. These regions, largely agricultural producing countries, are important as world producers, users and exporters of agricultural products.

In appraising further the effects that changing the less developed countries' trade patterns from the West to the Communist bloc would have on the market for U.S. agricultural products these factors should be noted:

The majority of the less developed countries in Asia, Africa and Latin America produce products for export that are not grown at all or are not grown extensively in the United States and, consequently, are largely complementary rather than competitive with U.S.-grown products. The rubber, jute, cocoa beans, coffee, tea and tropical fruits from these countries make a valuable and necessary contribution to the high U.S. standard of living. In turn, the United States, though a large surplus agricultural producer, is a leading customer for many agricultural commodities produced by the less developed areas. In 1956 the United States purchased $355 million worth of agricultural products from less developed countries now receiving Sino-Soviet aid.

Also, even though the areas involved are primarily agricultural producing countries, many, because of their large population and primitive agricultural

methods, have food deficits. Therefore they provide important, though not the major outlets for surplus U.S. agricultural products. During 1956 U.S. exports of farm products to countries already accepting Communist bloc aid totaled $236 million.

And significantly from an agricultural point of interest the U.S. is increasing its use of surplus agricultural products to help alleviate some of the hardships of less developed countries and speed economic development.

Under Public Law 480, agricultural products have been sold for foreign currency or donated for relief, and the proceeds used to help recipient countries pursue their economic development plans. This will help significantly in attaining the long-run objectives of strengthening the basic economy and providing the basis for continued political stability in these countries. This, in turn, will result in better potential customers for U.S. products. As these countries develop economically, they will be expanding markets for U.S. farm products. U.S. agricultural abundance is being used effectively to help check the Sino-Soviet economic penetration. U.S. exports of agricultural products rose to an all time high of $4.7 billion in fiscal year 1957. Forty percent of the total moved under government programs directed at getting agricultural products out of storage and into use, thus reducing U.S. surpluses which hang over the market and depress prices received by farmers.

Importance and Characteristics of Target Areas

Much of the Communist bloc's hopes for success, and the Free World's danger, rest on what the bloc considers opportune targets among the less developed and, for the most part, former colonial areas. Why do the Communist leaders think these areas so important and why do they believe that bloc offers of economic aid, technical assistance and trade will be accepted? The following discusses these basic questions and how the bloc hopes to exploit the situation:

Importance of the Areas

As a factor in the bloc's bid for world power, the importance of the less developed areas needs little elaboration. Of the 2.7 billion people in the world, about one-third are already under the Sino-Soviet Communist dictatorship. Except for most of North America, Western Europe and Japan the majority of the remaining 1.8 billion are heavily concentrated in the less developed areas. More than 600 million people, nearly one-fourth of the world's total, live in countries where the bloc has already established economic beachheads with aid and technical assistance programs. Moreover, less developed areas cover a large part of the world's total land area, possess large supplies of natural resources and offer opportunities for profitable trade with industrialized countries.

Also, some of the major bloc target countries now being penetrated have important strategic value because of their geographic location. The United Arab States (Egypt, Syria and Yemen) are notable examples, being situated in the oil-rich but restless Middle East area. Egypt controls the important East-West trade route through the Suez Canal and Syria the oil pipelines to the Mediterranean.

General Characteristics of the Areas

The less developed countries have several things in common that tend to make them vulnerable to the Sino-Soviet's economic aid, technical assistance, and trade offers. All are predominately agricultural, and economically underdeveloped. Living conditions are for the most part austere. Increasing population pressures on limited resources, low levels or rates of increase in production and steadily rising demand make accumulation of domestic investment capital extremely difficult.

People throughout the less developed countries are preoccupied with building industrial capacity and fostering economic growth. The big question is: Where to obtain the necessary capital, equipment and technical assistance - from the Free World or the Sino-Soviet bloc?

The Sino-Soviet bloc has stepped into the economic aid field with attractive offers and a large propaganda effort designed to convince the less developed countries that the bloc is willing and able to help solve their economic problems.

Communist Bloc Propaganda

In seeking to create unfavorable public opinion toward the Free World, the bloc notes that most countries now receiving aid are only a few years removed from colonial status and still have major commercial ties with the Free World.

Communist propaganda is keyed to the principle of getting maximum mileage out of the deep and bitter resentment that former colonial people sometimes feel toward their former rulers. The bloc takes careful aim at intensifying this emotional issue. There is a calculated effort to arouse local suspicions of U.S. aid by attempting to connect American assistance and Colonialism in the minds of the native people. It is not known how much success has been achieved in this effort. However, the extent to which former colonial people associate foreign government or private capital with foreign political influence constitutes a barrier to private capital from Free World countries.

Overzealous guarding against suspected foreign influence has led less developed countries to impose controls that probably drive away potential private investors. This denies those countries one of their best sources of large amounts of investment capital. The Communist representatives within and outside the countries exploit this unfounded fear by agitating the issue while urging the nationalization of Western-owned existing industry, as the quickest way to success.

Bloc propaganda also encourages and exploits the fact that less developed countries have rising expectations and are prone to become impatient if economic progress is too slow. The Communist hope here is that people will become discouraged with the slower moving, more democratic free enterprise system and come to regard the strong centralized, faster moving Communist system as more favorable.

This is what the Communist bloc is striving to bring about. The bloc is taking deliberate aim at persuading the less developed countries that the Russian experiment has more to offer less developed countries in the way of rapid industrial growth that free-enterprise as practiced in the West. An effort to make this point convincing is manifest in every bloc contact with the underdeveloped areas.

In offering aid, expanding trade, participating in trade fairs, exchanging cultural delegations and so on, the consistent theme is to impress less developed countries with the rapid progress being made by the bloc. A point is always made of the fact that the Soviet Union started from similar circumstances only a few decades ago. In short, the bloc clearly hopes that the less developed countries will see their own image in the Soviet Union and China and will choose to follow it.

This new policy constitutes a considerable change in attitude and approach toward the non-Communist world, and especially toward the underdeveloped countries in contrast to the postwar Stalin period, when the U.S.S.R. foreign policy was largely formulated in terms of two hostile camps. However, this change should not obscure the fact that the current policy is not an abrupt break with Stalinist tradition but a continuation of Stalin's policies along more flexible and imaginative lines. The end objective remains the same.

The Soviet Union's industrial progress especially, and China's to a lesser extent, may well have impressed the less developed countries. There are several factors that should be noted in considering the possibilities that this is happening and the chances for further gains. First, the less developed areas have had little or no experience with capitalism and free enterprise as the West understands it. They lean toward, and in fact have already adopted some form of socialist approach, with economic planning and the State taking a leading role, as the system best suited to their needs. They tend to consider the U.S. standard of achievement as beyond their grasp, and think it unrealistic to reach for something they cannot reasonably hope to achieve. Conversely, they think that even though the Soviet standard of living is much lower that that of the United States, it is a more practical goal.

Devices Used by the Bloc

On the surface the Sino-Soviet countries appear to offer investment capital, technical assistance and markets as a friendly, constructive gesture to help less developed countries meet pressing needs. Political strings are carefully hidden. Thus, it is not surprising that countries with formidable economic problems have difficulty in rejecting these Communist offers.

Countries receiving help are not asked to present justification for proposed projects; to explain the relationship between a project and other programs, or to give a full account of the balance-of-payments position. Perhaps the bloc has observed that this type of requirement attached to U.S. aid tends to arouse resentment. Consequently, they strive to present a popular contrast, at least in the eyes of the officials in recipient countries. They seek to incur favor with local officials by accepting their judgment unquestionably, giving them what they want, and assuming the loan will be repaid.

Also, the bloc can move quickly to get a project started. Technical missions, plans and equipment can be dispatched promptly to display the bloc's mechanical efficiency. Likewise, there is an obvious effort to promote projects having a favorable psychological impact, such as building scientific laboratories, constructing hospitals, and paving roads. The bulk of the $1.488 billion promised so far has consisted of credit. Bloc-credit terms usually feature a low interest rate of 2.5 percent, with repayment over a 12-year period.

Technical Assistance

In technical assistance, the bloc has its second and supporting device for penetrating an area. More than 2,000 of its technicians scattered throughout the less developed countries spent a month or more in the underdeveloped countries in the second half of 1957. Over 80 percent of them have been concentrated in India, the United Arab States (Egypt, Syria and Yemen) and Afghanistan. About two-thirds of the specialists are industrial, agricultural or other professional personnel, while the remaining one-third are military technicians or advisers. Most of the specialists are assigned to industrial or technical projects. However, the bloc has also assigned experts to undertake mineral surveys and nuclear energy projects.

The specialists are drawn from the various bloc countries. Their skills and conduct have evoked few complaints from the native people. They appear to be scrupulously careful to make a favorable impression. The bloc is concentrating on increasing the numbers of technicians available for such purposes, teaching them both the subject matter required, and the language of the country where they will be working. Language is still a big problem, however.

These efforts are increasing the bloc's capacity to provide technical assistance. It is known, for example, that the U.S.S.R. is graduating more engineers than the United States. And although the breadth of education and training in Soviet institutions is questionable, graduates appear technically capable of performing their assigned specific tasks. Also, the State can order its technicians to accept foreign assignments. In short, the bloc does not have the recruiting and personnel rotation problems of Free World countries.

Trade and Trade Agreements

Trade is a third device used. In applying this method, the Sino-Soviet bloc continues to expand its world-wide network of bilateral trade agreements. About 69 percent of its total trade with the Free World in 1956, amounting to nearly $5.5 billion, was through bilateral trade and payment agreements. Agreements signed, or in effect, increased from 181 at the end of 1955 to 216 on June 30, 1957. Of the new agreements which were signed in the 18 months, 32 were with the less developed countries--14 in the Near East, 16 in South Asia and 2 in Latin America.

Progress in Expanding Trade

From 1954 to 1956 bloc trade with the less developed countries increased sharply (Table I). Vigorous efforts to expand trade further by negotiating additional trade agreements and participating in world trade fairs is continuing. Yet the bloc still has only a small percentage of the total trade of the less developed countries.

In 1956, trade with the bloc constituted 10 percent or more of the total trade of 7 less developed countries. However, more than 20 percent of the total trade of Afghanistan, Iceland, and Egypt was with bloc countries; about 17 percent of Turkey's trade; and 12 percent of Iran's trade.

Perhaps the most significant feature of trade developments is to be found in the trend which shows that Sino-Soviet trade with the less developed countries of the Free World as a group has increased steadily and substantially since the beginning of the bloc's economic offensive.

Aid and Trade Tie-in

The aid and assistance part of the bloc's penetration program is reenforced and tied in with an aggressive trade development campaign to establish strong trade ties between the Communist bloc and the less developed countries. The connection between aid programs and trade is clearly and effectively provided for in the original agreement extending aid. The aid agreement generally extends loans with a stipulation that the goods and services will be purchased from the country extending the loan. This means purchasing from a Communist country. And, since repayments are to be in commodities or convertible currencies, this encourages return trade with the country becoming tied to the bloc and increasingly dependent on it.

From the standpoint of Free World trade, the portents for the West in Communist designs have been pointed out. Trading areas that come under control can be separated from the Free World, or trade may be possible only on heavily conditioned bloc terms.

Communist China is a good example of this type of changing trade patterns. Before the Communists took over in 1949, three-fourths of China's foreign trade was with the Free World countries. Today it is about 25 percent. Poland is another example. In 1947 only 38 percent of Poland's trade was with the Soviet bloc; by 1954 it had risen to 70 percent. Since then, the percentage of trade with the bloc has declined somewhat but still remains largely Communist oriented.

In the field of trade, the bloc makes a point of helping less developed countries which have virtually a one-crop economy and periodically face export difficulties. Burma, for instance, had a rice export problem and turned to the bloc. Iceland's fish marketing problem paved the way for the bloc to open trade with that country. Ceylon turned to Communist China for a crude rubber market. Egypt and its cotton marketing problem might be cited as another example, although there were other reasons.

Significantly, bloc countries can follow such a policy without too much cost because they have a growing industrial capacity. With lagging agricultural production, they can utilize additional foodstuffs, raw materials and consumer goods, within the bloc and at the same time form important trade ties with raw material producing countries. The bloc exploits the fact that free markets are not always stable and strong while implying at least that controlled and planned economies are insulated against fluctuations. Thus, by offering aid on the one hand and on the other showing a willingness to take surplus agricultural commodities, the bloc's offer is tempting to a country worried about market outlets.

Table 1.--World trade of selected less developed Free World countries, and trade of these countries with the Sino-Soviet bloc, 1954-56

Country	1954		1955		1956	
	Total world trade	Trade with the Bloc	Total world trade	Trade with the Bloc	Total world trade	Trade with the Bloc
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Burma........	444,034	3,711	370,571	27,251	440,100	72,200
Ceylon.......	673,376	79,960	713,970	44,209	706,600	68,200
Egypt........	858,277	83,230	920,855	141,857	938,800	215,900
India........	2,411,178	30,512	2,613,631	48,961	2,986,700	123,100
Indonesia....	1,485,163	24,415	1,535,602	74,264	1,735,100	68,300
Syria........	398,735	5,889	236,943	5,219	350,000	19,300
Turkey.......	813,188	100,110	810,900	159,900	712,200	119,300
Iran.........	334,089	41,486	409,050	46,440	383,200	44,800
Iceland......	121,345	25,617	129,686	31,720	153,400	42,700
Total......	7,539,385	394,930	7,741,208	579,821	8,406,100	773,800

Source: Unadjusted data as reported by free world countries.

Amount and Distribution of Sino-Soviet Aid

The beginning of the Sino-Soviet economic offensive dates from about 1953. By the end of 1955 credits and grants to less developed countries had risen to $305 million. At the end of 1956, the total was near $1.1 billion and reached $1.488 billion by the end of 1957, including $378 million in military aid.

This report does not compare total U.S. and Sino-Soviet aid in detail. But for perspective purposes, it should be recalled that over the last decade U.S. economic aid and technical assistance to needy countries throughout the world has totaled many times that of the bloc.

However, U.S. aid has been scattered over much larger geographic areas, while the bloc's efforts have been aimed at specific and inviting targets among the less developed countries primarily in Asia and the Middle East. Thus, in ap-

praising the present and future threat to these specific areas, the following comparison, made by the U.S. Department of State (Table 2) of the United States' and the bloc's economic assistance, is more meaningful and to the point. It shows that U.S. Government aid and private investments are still almost double the amount which the bloc countries have agreed to extend. Nevertheless, such a comparison does show that in those areas where the bloc has centered its efforts, the amount of credit and grants promised is sizable (totaling more than $1 billion) whereas the U.S. programs for these particular countries has amounted to nearly $2 billion during roughly the same period and for the same grouping of countries.

The following discusses the bloc's economic aid program to major recipient countries in Asia and the Middle East area:

Afghanistan

The bloc has extended $136 million in economic aid to Afghanistan for the following projects: 4 irrigation developments; 2 grain elevators; a grain silo; a flour mill; a bakery; a fruit cannery; petroleum storage tanks; 2 hydro-electric power stations; 2 asphalt factories; an airport construction project; a vehicle repair factory; a highway; and a physical and chemical testing laboratory.

Afghanistan is bordered on the north by the U.S.S.R. and Communist China's Sinkiang Province on the east, and thus is highly exposed to Communist pressure and influence.

The country's population is estimated at 10 million; 70 percent of whom are farmers. About 25 percent are nomads and 5 percent live in the larger towns. The average per capita income is less than $50 per year.

In foreign trade Afghanistan is almost completely a supplier of raw materials and a market for consumer and development goods. Principal exports are karakul skins, fruits and nuts, raw wool and cotton. From one-half to three-fourths of all raw wool and cotton exports go to the Soviet Union. In 1956 more than 20 percent of Afghanistan's trade was with the Soviet Union. The United States buys most of the karakul exports.

Burma

The bloc's economic assistance to Burma is around $42 million. This is to be used to expand a government-owned textile mill; provide Russian technicians to further Burma's agricultural development program; provide Rangoon University with scientific equipment and books; and construct a Technological Institute. About 30 Soviet technicians reportedly have arrived to begin construction of the institute.

Burma borders Communist China on the east. The total population is estimated at 19 million, three-fourths of whom are engaged in agriculture. About 62 percent of total crop land is in rice.

Table 2.--U.S. and Sino-Soviet bloc economic assistance to certain Near Eastern and Asian countries, July 1, 1955-February 1, 1958

Country	ICA obligations	Other 1/ U.S. Government	U.S. 2/ private investment	Total U.S.	Total Sino-Soviet bloc
	U.S. million dollars	U.S. million dollars	U.S. million dollars	U.S. million dollars	U.S. million dollars
Afghanistan	33	14	3/	47	136
Burma	25	18	3/	43	42
Cambodia	94	2	3/	96	22
Ceylon	11	---	3/	11	20
Egypt	2	14	3/	16	235
India	126	293	3/	419	295
Indonesia	27	97	3/	124	109
Iran	114	26	3/	140	---
Iraq	7	---	3/	7	---
Israel	51	37	3/	88	---
Jordan	28	---	3/	28	---
Lebanon	16	---	3/	16	---
Nepal	7	---	3/	7	13
Pakistan	204	68	3/	272	---
Philippines	63	72	3/	135	---
Saudi Arabia	---	---	3/	---	---
Syria	---	---	3/	---	194
Thailand	73	2	3/	75	---
Turkey	166	56	3/	222	10
Yemen	---	---	3/	---	16
Total	1,047	699	213	1,959	1,092

1/ Includes aid under Public Law 480, Titles I and II, and Export-Import Bank credits.
2/ U.S. private investment for 3 years 1954-56.
3/ Not available.

Source: Department of State Bulletin, Vol. XXXVIII, No. 978, March 24, 1958.

In foreign trade, rice has accounted for 86 percent of Burma's agricultural exports and for more than three-fourths of its total exports in recent years. Depressed world prices for rice cause serious problems for Burma's whole economy. Both the Soviet Union and Communist China have purchased Burmese rice within recent years when Burma had marketing problems. Now that world demand for rice and prices have improved, Burma no longer has an immediate marketing problem and prefers to sell in the Free World market.

Cambodia

Economic assistance to Cambodia has consisted of a $22 million grant from Communist China for irrigation pumps; and for constructing cement, paper, textile, and plywood factories. Chinese specialists are assisting.

Roughly 80 percent of the population of Cambodia are engaged in agriculture and the economy is based upon agricultural products and fish. Although the country does not border the bloc, the latter's geographic borders moved closer with the fall of North Vietnam.

Cambodia's imports are primarily yarn and textiles, petroleum products, vegetable products, scientific and precision equipment and machinery. Its principal exports are rice, rubber, animal products, fats and oils, woods and skins.

Ceylon

Economic aid to Ceylon by the bloc totals $20 million, but more bloc aid is being extended. Communist China is helping Ceylon in connection with a new 5-year rice-rubber agreement. The funds are to be used to improve Ceylon's rubber production. Ceylon is a major supplier of China's growing needs for rubber.

About 85 percent of Ceylon's population of 8.6 million people are rural. Agriculture is dominated by 3 export crops - tea, rubber and coconuts. Ceylon supplies about one-fourth of the tea entering world trade. Rubber is second only to tea in value. Coconut acreage is large.

Tea, rubber and coconut products earn more than 90 percent of Ceylon's foreign exchange. Ceylon must import food products, cotton, fiber and textiles. Trade is presently directed toward the West; however, since 1952 much of Ceylon's rubber has gone to Communist China in exchange for rice.

United Arab States (Egypt, Syria and Yemen)

Egypt: The bloc is investing $235 million in aid into Egypt. Many specialists have been concentrated in Egypt, particularly from the Soviet-occupied zone of Germany, Czechoslovakia and Poland.

Of Egypt's population of 23,821,000, about three-fourths are engaged in farming.

Cotton is by far the leading commercial crop, accounting by value for 78 percent of total exports in 1955 and 82 percent in 1954. Rice and onions are other important exports. Egypt's foreign trade was formerly principally with the West but has been shifting sharply toward the Sino-Soviet bloc. In 1956 more than one-fifth of its trade was with the bloc. It increased in 1957 to around 36 percent.

Syria: Economic aid to Syria totals $194 million. Projects are yet to be stipulated by the Syrians. Bloc technicians are in the country and others are likely to follow as new projects get underway. Syria's trade is turning sharply toward the bloc as its ties with the latter increase.

Of Syria's population of about 4 million; 66 percent are engaged in agriculture. Its principal crops are wheat, barley, cotton, grapes and olives. Cotton and cottonseed account for over 50 percent of all exports. Increasing production is also enabling Syria to export some wheat.

Yemen: Economic aid to Yemen consists of an interest-free loan of $16 million extended by Communist China for a road; cigarette factory; glass factory; tannery; sugar factory; and a textile mill.

About 90 percent of Yemen's 4.5 million people live on the land. Coffee is the most important cash crop and source of foreign exchange. Cotton production is increasing. The bloc is actively promoting increased trade with Yemen.

India

Loans to India total $295 million. The importance of India as a prize target is readily apparent. India's land area is 1,285,000 square miles and its population is about 400 million. The bloc's credit to India features major assistance in constructing the Bhilai steel mill. The aid program also includes: drilling rigs for coal mining; an oil drilling rig; laboratory equipment and technical personnel; and more than 600 items of various types of agricultural machinery. The latter include 70 tractors and 36 transport vehicles for a 3,000-acre mechanized farm which the Russians are developing as a gift to India. In connection with the Bhilai steel mill project alone, India has sent 135 nationals to the U.S.S.R. for training and the total training program in both the U.S.S.R. and India for this project reached 5,000 Indians during 1957-58.

An estimated 67 percent of India's population depends on agriculture. Almost every known crop is grown to some extent. Rice is the principal cereal, but wheat, sorghum, corn and other cereals are of major importance in some areas. Jute goods, tea, pepper, cotton textiles and tobacco are the principal exports.

Indonesia

As of February 1, 1958 bloc aid to Indonesia totaled $109 million. Since then additional aid has been promised, with Communist China taking part. In Indonesia bloc countries have been concerned with the construction of a sugar mill, a tire factory and recently Communist China has reportedly offered to help with financing a new textile plant. Also, Russian jeeps have moved into Indonesia under terms of the aid agreement along with ships and military supplies. Bloc technicians aid in the construction and maintenance work; the number of such technicians in the country reportedly has increased sharply within recent months.

Indonesia has a population of 82 million; about 70 percent of whom live on farms. Approximately two-thirds of its exports are agricultural products. Rubber alone accounts for about one-third of total exchange earnings.

Nepal

Bloc aid to Nepal has consisted of a $13 million grant in cash and goods from Communist China. Soviets have made aid overtures but were not taken up. Nepal is an independent kingdom lying northeast of India, but bordering Tibet, now occupied by Communist China. The population is estimated at 8.5 million. More than 90 percent of the people are engaged in agriculture.

The government is struggling to develop industry and to open the country more widely to foreign trade, which is now primarily with India. A $44 million 5-year-plan to develop the country has been announced. Half of this cost will be met from local resources, and half from aid supplied by member countries of the Colombo Plan (ncluding the United States).

Sino-Soviet Economic Capabilities

At first glance, it appears that the Communist bloc is challenging the Free World to compete in production and trade in the area where the Free World is strongest. Obviously, the total industrial, agricultural, scientific and technological resources of the Free World are much stronger than those of the Communist bloc. The bloc knows and freely admits this. Yet, it confidently predicts success. On what is this confidence based? There are several factors that tend to give the bloc encouragement.

Perhaps a basic factor in appraising the Communist capabilities, and one that is easily underestimated, is that much of the hard-core party membership apparently believes that their ideology ultimately will prevail if pushed long enough on all fronts. This generates almost an untiring, unrelenting effort that is not easily discouraged or thwarted.

The Communists have long contended that a well-disciplined, even though small, organization backed by massive propaganda and employing any and all methods, can gain and exercise control over the divided, unorganized masses in any country and finally in the world. Experience first in the Soviet Union and later in China and other areas has proved this to be entirely possible, at least for the short-run. In direct contrast to this, the bloc hopes and probably believes that the countries of the Free World will not see the danger quickly enough, and will not work together to build strong defenses against economic and political penetration.

The Soviet Union and the European Satellites

The bloc's own hard economic capabilities, measured in more concrete terms, show that the center of strength at present is concentrated primarily in the U.S.S.R. and the European Satellite nations where industrial development is fairly well advanced.

This part of the bloc confronts the Free World with a growing industrial strength and formidable capabilities in industrial technology and scientific achievements, plus a large supply of trained manpower. Moreover, the bloc has many of the essential recources required for industrial purposes. Agriculture is a relatively weak spot in Communist countries, although the latter have the resources for a stronger and more productive agriculture. Inefficient organization and mis-

management of resources have thwarted agricultural development. The present leadership is showing signs of trying to remedy the weaknesses in agriculture. However, there seems little likelihood that officials will sacrifice or dilute their ideology and controls to give peasants the incentives required for strong and prosperous agricultural growth.

A rough measure of Russian ability to mount and sustain a strong economic offensive can be seen by comparing the Soviet Union's gross national product with that of the United States. Such a comparison shows that the Soviet Union and its European Satellites have a gross national product of about $235 billion, whereas the United States alone has reached $435 billion.

The rate of growth of the Soviet economy is about 5 percent per year with the rate of industrial production scheduled to increase at a faster rate. The total gross national product could reach $350 billion by 1965.

Actually, the relative size of gross national products can be misleading because of the bloc's capacity to concentrate its resources. The main points are that the Soviet Union can, if it wishes to continue depriving its own citizens, support a substantial economic aid program for economic and political purposes abroad and still use only a very small percentage of its expected increase in production. In fact, it could continue a program of the current magnitude on less than 1 percent of annual production.

Significantly, all of the bloc countries have a totalitarian centralized government with complete control over the economy. The government can decide the use of all productive resources and the disposition to be made of all goods produced. This capacity to concentrate on a few well chosen targets has produced formidable results in industry, education and science. These have enabled the bloc to challenge the West in these important areas. Now the same techniques of concentrating on sensitive areas (the less developed countries) are being tried in winning over additional countries to the Communist side.

Communist China

In considering the total Sino-Soviet bloc's economic capabilities, Communist China does not figure very largely as a source of technical aid or economic assistance at the present stage of development. Its own needs are too great. Industrially, Communist China is somewhere equivalent to the Soviet Union in the late 1920's. In fact, its own needs for investment capital, industrial equipment and technical assistance has been a drain on the economy of the Soviet Union.

It would be misleading, however, to consider Communist China as a total liability to the bloc in its continuing drive to win a victory over the Free World by any and all means. In contrast with the European Satellite countries, Red China with its vast geographic area, more than 600 million people and strategic location in Asia, has special status more in the nature of a partner with the Soviet Union despite its economic weakness. The relationship between the U.S.S.R. and Mainland China perhaps is best described by reference to the U.S.S.R. as first among equals, based on its greater economic development and experience.

Moreover, indications are that China has been assigned the task of spearheading the Communist offensive among the less developed Communist areas close to it in the important Asian areas. But in actual grants, Communist China had invested only about $55 million by the end of 1957 in grants to Cambodia, Nepal, Ceylon and Egypt, and around $16 million in a loan to Yemen. In contrast, it is estimated that the Soviet Union has invested over $1 billion primarily in loans while the remainder of the $1.488 billion total has come from the European Satellites.

Red China has played a leading role in Communism's aggressive efforts since 1949 in several ways besides economic aid and assistance. Seeking to expand, Communist China used military force to move into North Korea and to annex Tibet; it also played a leading part in helping bring North Vietnam under Communist domination.

Now that the bloc has switched to a policy of expansion by economic aid and trade, China is posing as a model exhibit by which the Communists hope to demonstrate to other countries of the Far East the effectiveness of the Communist system in bringing about rapid industrialization in neighboring countries where conditions are very similar to their own. Material progress in China is gaining attention.

From a longer viewpoint, China's growing industrial strength is a threat to Far Eastern economic and political stability. In every important respect - education, science and technology, and industrial development - the Chinese Communists are trying to duplicate Russian achievements. In building industrial capacity, Red China, assisted by the Russians, has made what appears to be noteworthy progress, although as in the Soviet Union, at a terrible cost to its people.

Again, as in the U.S.S.R., agriculture is a serious problem and a major stumbling block in building an industrially, and hence a militarily strong, China. Red China is much weaker in agriculture than the Soviet Union. Yet, if aided by the bloc, it may be able to squeeze out of the population and the country enough capital and resources eventually to become a formidable industrial power.

Summary Conclusions

Various conclusions can be drawn concerning the importance of the threat to the Free World from the Sino-Soviet economic aid and trade offensive. The problem is to get a balanced perspective.

There seems to be general agreement among observers on the following conclusions:

(1) The Free World has some vulnerabilities that the Communist policies and strategy hope to exploit among the less developed areas of the world. Certainly the Free World with the free system has the capacity to meet these problems and to overcome the challenge of any totalitarian system.

(2) The Free World must remain alert however, to the fact that the Sino-Soviet bloc's challenge is determined, formidable and across the board - in science and technology, education, military power, ideology, politics, and economics. And in the light of the bloc's recently demonstrated abilities in technology, science, education and growing industrial capacity there should be no disposition to dismiss lightly the bloc's capacity to hurt the Free World seriously with an economic and political offensive.

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(3) By concentrating on industrial expansion, the bloc now has the necessary productive capacity to carry out an effective aid and trade program without putting any great new strains on the rising productive forces of its own industry.

(4) The fact that the economic and trade offensive has been moved up for the time being to a vanguard position is a shift in emphasis only. There is no indication or any reason to hope that international Communism has modified in any way its ultimate goal of extending Communism throughout the world.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

FATP 19-58
July 11, 1958

INDUSTRIALIZED COUNTRIES IMPROVE DOLLAR POSITION

Summary

The total gold and dollar assets, public and private, of foreign countries 1/, increased $618 million in the January-March quarter of 1958. On March 31 they were $1.5 billion larger than a year earlier.

Most of the increase was in the industrialized countries of Europe and in Japan. It was made possible mostly by transactions of foreign countries with the United States. These transactions showed a net excess of foreign dollar receipts over expenditures of about $550 million. Conversion of dollar gains into gold, chiefly by the United Kingdom and the Netherlands, meant that most of the overall increase was in gold.

Most of the industrialized countries' gold and dollar assets are now large enough to sustain their economies over periods of financial strains. France is an exception, and Japan still has not recovered the losses suffered in 1957. In general, the industrialized countries are better able to buy U.S. agricultural products. Moreover, their improved dollar position provides opportunities for further liberalization of agricultural trade and reduction of dollar discrimination.

Market factors other than the dollar position should determine the amount of U.S. farm products sold to the industrialized countries in 1958. However, reduced economic activity could adversely affect the export of U.S. cotton and tobacco.

The newly developing countries are, on the whole, experiencing balance-of-payments difficulties. In some the dollar position is quite low and the limited dollars available are often earmarked for the importation of development-type goods. In these cases, special export programs, such as Public Law 480, must be relied upon to supply much of their food and fiber needs.

1/ Excludes gold holdings of Soviet Bloc.

International Monetary Fund Drawings

Foreign countries' drawings on the International Monetary Fund in the first quarter of 1958 amounted to net $125 million, compared to net $257 million in the same quarter of 1957. About one-half of the $125 million was drawn by France. Yugoslavia drew $23 million; the Union of South Africa $20 million; Colombia $10 million; and Bolivia and Chile $1.0 and $6.2 million, respectively. The IMF now has about $1.4 billion uncommitted gold and dollars available for drawings.

United States: Balance of Payments with Foreign Countries
First Quarter 1958 and Last Quarter 1957

	Fourth Quarter 1957	First Quarter 1958
	Million dollars	
I. Dollars paid by foreign countries for --		
A. U. S. exports of goods and services		
1. Merchandise	4,641	4,052
2. Services and other transactions	1,941	1,540
B. Foreign long-term investment in U. S.	50	37
C. Errors, omissions and unaccounted	---	182
Total dollars paid	6,632	5,811
II. Dollars received by foreign countries from		
A. U. S. imports of goods and services		
1. Merchandise	3,385	3,176
2. Services and other transactions	1,184	1,038
B. Private capital outflow (net)	598	715
C. U. S. Government spending	1,471	1,428
D. Errors, omissions and unaccounted	108	---
Total dollars received	6,746	6,357
III. Resulting increase of foreign countries' gold and liquid dollar assets	+114	+546

12817

U. S. Balance of Payments

Foreign countries' excess receipts of gold and dollars reflected a relatively greater decline in U. S. exports (foreign countries' dollar payments) than in U. S. imports (foreign countries' dollar receipts). Compared to the last quarter of 1957 exports dropped about 13 percent and imports 6 percent.

Smaller U. S. exports were due mainly to:

(1) Continuing adjustment of petroleum trade during the first quarter of 1958 to the opening of the Suez canal.
(2) Reduced economic activity, especially in industrialized countries, such as reduced demand for cotton.
(3) Larger agricultural output in traditional importing countries, which reduced substantially U. S. commercial sales of some commodities, such as wheat.

Renewed outflow of U. S. private capital since end of 1957 also has contributed to the dollar receipts of foreign countries. U. S. military expenditures were also higher for the period though at about the same level as a year earlier.

Countries Gaining Gold and Dollars

The United Kingdom increased its gold and dollar (private and public) holdings $626 million in the first quarter of 1958. The increase since the low point of September 30, 1957, has been over $1.0 billion. And reserves are now the highest since mid-1954. The gain was principally because of a favorable trade balance, and a return of short-term assets from certain European countries. Britain's favorable terms of trade result mainly from the fall in import prices of raw materials and the relative stability in export prices. In April, May and June the United Kingdom's "official" gold and dollar assets rose another $306 million. Also in June the bank discount rate was lowered to 5 percent -- where it was before the sharp increase to 7 percent in September 1957.

The Netherlands also made large gold and dollar gains -- $216 million -- in January-March 1958 aided by favorable trade balances and a return of short-term assets from other European countries. The Netherlands reduced its bank discount rate from 5 percent to 4.5 percent in January 1958 and to 4 percent in March 1958.

Japan's gold and dollar assets increased $119 million but are still below a year earlier. Japan is also rebuilding its holdings of sterling which in September 1957 reached an extremely low level.

Belgium's holdings increased $68 million in the quarter. Reserves now represent an alltime high.

Estimated Gold Reserves and Dollar Holdings of Foreign Countries and International Institutions

Area and Country	Dec.31 1956	Mar.31 1957	Dec.31 1957	Mar.31p 1958	Change since: Mar.31 1957	Change since: Dec.31 1957
Continental Western Europe						
Austria	r377	r383	460	465	82	5
Belgium-Luxembourg (& Belgian-Congo)	1,239	1,181	1,190	1,258	77	68
Denmark	102	113	149	168	55	19
Finland	93	99	104	101	2	-3
France (& dependencies) 1/	1,512	1,310	955	903	-407	-52
Germany (Federal Republic of)	3,343	3,534	4,113	3,983	449	-130
Greece	187	189	167	167	-22	0
Italy	1,270	1,252	1,533	1,525 2/	273	-8
Netherlands (& Netherlands West Indies & Surinam)	1,080	1,034	1,058	1,274	240	216
Norway	204	214	243	229	15	-14
Portugal (& dependencies)	628	628	651	658	30	7
Spain (& dependencies)	163	151	117	121	-30	4
Sweden	483	480	484	465	-15	-19
Switzerland	2,643	2,542	2,810	2,755	213	-55
Turkey	164	158	162	157	-1	-5
Other 3/	r945	r929	875	975	46	100
Total	r14,433	r14,197	15,071	15,204	1,007	133
Sterling Area						
United Kingdom	3,015	3,092	3,080	3,706	614	626
United Kingdom dependencies	107	97	108	106	9	-2
Australia	191	193	211	208 2/	15	-3
India	324	325	330	327	2	-3
Union of South Africa	278	294	256	232	-62	-24
Other	242	251	258	259	8	1
Total	4,157	4,252	4,243	4,838	586	595
Canada	2,996	3,046	3,195	3,158	112	-37

Latin America						
Argentina	360	332	263	270	-62	7
Bolivia	29	25	27	24	- 1	-3
Brazil	550	557	457	441	-116	-16
Chile	138	138	116	118	-20	2
Colombia	210	250	215	197 2/	-53	-18
Cuba	514	521	525	526	5	1
Dominican Republic	79	89	65	59	-30	-6
Guatemala	91	101	92	93	-8	1
Mexico	604	579	558	526 2/	-53	-32
Panama, Republic of	110	118	137	146	28	9
Peru	119	117	88	82	-35	-6
El Salvador	53	73	58	62	-11	4
Uruguay	260	259	236	267	8	31
Venezuela	1,061	1,045	1,556	1,430	385	-126
Other	125	146	139	165	19	26
Total	4,303	4,350	4,532	4,406	56	-126
Asia						
Indonesia	231	188	190	128	-60	-62
Iran	158	178	193	191	13	-2
Japan	1,149	1,007	710	829	-178	119
Philippine Republic	300	273	186	201	-72	15
Thailand	261	280	270	270	-10	0
Other	713	736	785	772	36	-13
Total	2,812	2,662	2,334	2,391	-271	57
All Other						
Egypt 4/	238	248	228	216	-32	-12
Other	137	171	169	177	6	8
Total	375	419	397	393	-26	-4
Total Foreign Countries 5/	r29,076	r28,926	29,772	30,390	1,464	618
International Institutions	3,535	3,387	2,920	2,919	-468	-1
Grand Total 5/	r32,611	r32,313	32,692	33,309	996	617

p Preliminary
r Revised
1/ Excludes gold holdings of French Exchange Stabilization Fund.
2/ Includes latest reported figures for gold reserves as follows: Italy (Jan.31); Australia and Colombia (Dec. 31, 1957); and Mexico (Jan. 31).
3/ Includes Yugoslavia, Bank for International Settlements, Tripartite Commission, and unpublished gold reserves of certain Western European countries.
4/ Part of United Arab Republic since February 1958.
5/ Excludes gold reserves of the U.S.S.R. and other Eastern European countries.
6/ Represents International Bank for Reconstruction and Development, International Monetary Fund, and United Nations and other international organizations.

Losses

For the first time since 1949, West Germany's gold and dollar assets declined. Although the drop amounted to $130 million, German reserves remain the largest of the "Free World" holdings. This decline resulted chiefly from capital movements in the form of advance payments for military supplies, the return of short-term credits and increased lending activity. In January, Germany had a small trade deficit but since then has again piled up large surpluses. Its position in the European Payments Union (EPU), after monthly deficits from November 1957 to February 1958 turned again to surplus in March. Surpluses continued in April and May.

Switzerland's trade deficit continued to widen during the first quarter of 1958, particularly with other EPU countries; the EPU deficit for the quarter was over $50 million. After settlement of this account and others outside the EPU, gold and dollar assets dropped $55 million.

After Venezuela's gold and dollar assets rose to over $500 million in 1957, they dropped $126 million in the first quarter of 1958. However, as in the case of West Germany and Switzerland, the drop was small in comparison with Venezuela's total holdings.

Two other countries -- France and Indonesia-- had substantial dollar losses of $52 million in the first quarter of 1958, France also drew $65 million from the IMF. Thus, actual losses were about $117 million. Indonesia's losses during the quarter were $62 million, representing a rate which cannot be long continued. The disruption of trade and of exchange control by recent civil war was the main factor causing this decline.

The Union of South Africa lost $24 million of its gold and dollar assets in January-March and drew $20 million from the IMF to bolster its reserves. Rapidly rising imports and capital outflow, especially to the United Kingdom, were chiefly responsible for this adverse payments position.

Among the major trading countries, the reserves of Canada and Argentina showed only small changes.

A large number of newly developing countries continued to have balance-of-payments difficulties in the first quarter of 1958. Depressed prices of raw materials, such as wool, rubber, coffee, tin, copper and other metals, plus large import expenditures have contributed to their financial difficulties. The economies of these countries are undergoing rapid development, thus increasing the demand for capital type goods. Also there are continued inflationary pressures on their limited resources.

Brazil and Colombia continued to lose dollars. India, which holds most of its exchange in sterling, has drawn heavily on its reserves in order to maintain its economic development. In spite of extensive borrowing from abroad, India's reserves declined the equivalent of $64 million during January-March 1958. Dollar assets in the same period dropped only $3 million.

European Payments Union: Net Surpluses or Deficits (-)
January-March 1958

Country	January	February	March	Total Deficit or Surplus
		Million dollars		
Austria	-7.8	-4.5	-.7	-13.0
Belgium-Luxembourg	8.3	34.6	30.2	73.1
Denmark	-9.5	10.7	3.5	4.7
France	-21.3	-32.2	-56.4 1/	-109.9
Germany	.8	-24.0	12.5	-10.7
Greece	3.2	-3.8	-1.2	-1.8
Iceland	-.2	-.2	-	-.4
Italy	9.5	12.6	23.2	45.3
Netherlands	22.4	-47.6	25.9	.7
Norway	-9.8	-11.6	-6.6	-28.0
Portugal	-6.0	-3.8	-4.6	-14.4
Sweden	-3.8	-11.8	-3.7	-19.3
Switzerland	-9.8	-37.0	-23.4	-70.2
Turkey	-6.0	-6.7	-6.8	-19.5
United Kingdom & Ireland	29.8	125.2	14.5	169.5

1/ Including 16.5 million dollars settled by drawing on special credit of 150 million granted to France January 30, 1958.

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FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 20-58
July 24, 1958

AGRICULTURAL POLICIES OF HONDURAS

The new administration in Honduras will continue to aim at self-sufficiency in foods and, at the same time, encourage production of export crops--notably coffee and cotton. But with an annual population gain of 3 percent and a corresponding increase in per capita consumption, the attainment of these goals will call for more effective use of land and bringing of more land into cultivation.

Dependence on Trade in Farm Products

The mainstay of the Honduran economy is agriculture, and foreign sales of agricultural products constitute over 80 percent of the value of total exports. The estimated value of all 1957 exports was $71 million, of which bananas, coffee, cattle, and cotton accounted for $55.4 million, or 78 percent. Other agricultural exports are abaca, coconuts and copra, dry beans, corn, and tobacco.

Agricultural imports are less important--about 15 percent of total imports. Wheat and flour, dairy products, and refined sugar are among the major agricultural imports. Others are rice, corn, beans, fruits and vegetables, and products therefrom. Honduras is ordinarily self-sufficient in corn and beans; any imports, as well as exports, of these commodities depend upon domestic supplies, storage, and transportation.

The United States is the best market for Honduran exports as well as the principal supplier of imported goods. In 1955, the United States took 81 percent of the bananas, 91 percent of the coffee, and 99 percent of the abaca exported by Honduras. Of the principal agricultural imports in 1955, the United States supplied about 70 percent--all of the wheat, 98 percent of the flour, and 86 percent of the dairy products.

Policy Goals

The National Economic Council, established several years ago, formulates and carries out economic development plans and programs. Its general agricultural goal is to increase domestic production of food and livestock in order to raise nutritional levels and, at the same time, reduce imports of foodstuffs. It hopes to achieve these goals largely through more efficient production methods and wider use of the land available for agriculture. Only about 25 percent of the country's arable area is now under cultivation.

Negotiations have been completed with the International Bank for Reconstruction and Development and the Development Loan Fund for loans of $10.5 million to be used for road building, which will benefit agriculture by facilitating the marketing and distribution of agricultural products.

Regulation of Foreign Trade

The Honduran tariff is designed chiefly for revenue. Over one-third of the country's ordinary revenues come from import and export duties. Import duties on agricultural products are relatively high. In addition, certain consular, wharfage, and storage charges are in effect. There are also export duties on the major agricultural items shipped abroad.

Agricultural imports are not restricted quantitatively, except when supplies of a commodity are ample for, or exceed, domestic needs. During periods of tight supply, exports may be limited or prohibited, while imports can enter duty-free.

Effective March 1, 1958, a surtax, amounting to 12 percent of the import duty, was imposed on imports. This was one of the steps the new government took to provide additional revenue needed to cover budgetary deficits. This surtax does not apply to imports from the United States covered in the U.S.-Honduran bilateral trade agreement, or to imports covered by bilateral agreements with El Salvador and Guatemala. Preferential duties will be extended to other Central American countries as bilateral agreements become effective. Canada continues to receive most-favored-nation treatment under its trade agreement. The NAUCA (Uniform Customs Nomenclature for Central America) tariff classification went into effect in 1956.

Honduras has no export subsidies on agricultural products and, in general, there are no deterrents to exports. There are no exchange restrictions and the lempira (domestic currency) remains steady at 2 to the U. S. dollar.

Internal Market and Price Regulation

Fixed, or support, prices are the exception rather than the rule. However, under a program administered by the Banco Nacional de Fomento (National Development Bank), minimum prices are guaranteed for corn, rice, and beans, in order to provide some stability in prices and assure farmers a reasonable

return. The Banco de Fomento also continues to provide minimum guaranteed prices for most grains, and the Government has storage facilities throughout the country.

For the first time, the bank is assisting in the marketing of coffee, although no guaranteed price is provided. The bank merely offers its services to assist in arranging for export sales, shipping, and related matters. The bank is also now making substantial loans to cotton growers.

On March 1, 1958, a "Production and Consumption" tax became effective. Among the items it covers are sugar and cotton. The rate is $0.75 per 100 pounds and applies to domestic cotton and imported and domestic sugar. Practically no cotton is imported.

There are no market regulations, such as monopoly purchasing, compulsory deliveries, or mixing regulations, nor are there direct subsidies or production regulations.

Indirect Aids

Credit, agricultural education, and technical assistance are indirect aids to agriculture. Agricultural credit facilities, though far from adequate, are better than in some other Central American countries. The Banco de Fomento provides loans to farmers and has assistance and loan programs for coffee growers. It also has a supervised credit program, with the International Cooperation Administration (ICA) cooperating. There are several commercial banks, notably the Banco de Honduras and the Banco Atlántida, which have fairly good loan facilities for farmers.

Agricultural credit rates are not as favorable now as they were a year ago. The Central Bank, on January 24, 1958, ruled that private commercial banks could charge 10-percent interest on agricultural loans. The maximum legal rates since June 5, 1954, had been 6 percent for agricultural working capital loans, 7 percent for agricultural machinery and fixed capital loans, and 8 percent for all other types.

The government still owns large tracts of land. But individuals can obtain title to parts of such land at prices ranging from 5 to 20 lempiras per hectare ($1.00 to $4.00 per acre), although the legal procedure is rather complicated. Full title to land within 25 miles of the border is limited to citizens of Honduras. Squatters who occupy land for 10 years may then stay on it indefinitely or transfer it to relatives--but without title. If land could be acquired more easily, it would add stability to the land ownership problem and contribute to agricultural development.

Agricultural education has thus far been limited. However, an agricultural school operating under the ICA Educational Service offers a 3-year course in vocational agriculture and is making good progress. The Escuela Agrícola

Panamericana (Pan American Agricultural School) also provides good agricultural training for students not only from Honduras but from other Latin American countries as well.

Honduras is making progress in extension work. Under the present program, started in 1950 by ICA, there is an extension agent in each of the 17 Departments, and there are some sub-agents. ICA has an active technical-assistance program in the country, which is advancing agricultural research, extension work, and home demonstration activities. The Food and Agriculture Organization (FAO) also has technical-assistance programs in Honduras. At present, there are 5 technicians assigned to the country.

Honduras and Central American Economic Integration

Honduras was the second Central American country (Costa Rica was first) to adopt officially the NAUCA tariff system. The standardization of tariff nomenclature, as provided by NAUCA, should facilitate adoption of the Central American Integration Plan. Bilateral trade agreements now in effect with El Salvador and Guatemala provide either duty-free or reduced duties on a number of agricultural commodities, in line with objectives of this plan. A Multilateral Free Trade Treaty and an Agreement on Industrial Integration were signed at Tegucigalpa in June by representatives of the five Central American countries.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 21-58
July 24, 1958

AGRICULTURAL POLICIES OF EL SALVADOR

El Salvador is primarily agricultural. More than three-fourths of its 2.3 million people are rural, mostly farm laborers or small-scale subsistence farmers. It is essential that the available agricultural land be used efficiently, and this is one of the Salvadoran Government's most important agricultural policies.

Dependence on Trade in Farm Products

Agricultural items--especially coffee and cotton--account for most of El Salvador's exports. Hard fibers and sugar are also exported. Agricultural exports account for 85 to 90 percent of total exports.

Most imports are of manufactured articles. Agricultural commodities account for only about 15 percent of total imports. The most important is wheat flour. Other agricultural imports include dairy products, rice, corn, wheat, fats and oils, and cattle and hogs.

The United States is El Salvador's principal market. However, exports to the United States are declining--$49 million in 1956 compared with $68 million in 1955 and $75 million in 1954. The drop reflects smaller shipments of coffee to the United States. Western Germany is becoming an increasingly important market for Salvadoran coffee. The United States continues to supply over half of El Salvador's imports, although the proportion is declining.

Agricultural Policy Goals

The Salvadoran Government's major policy goal is to increase agricultural production through more efficient production. While there is no formal development plan, governmental and U. S. technical assistance programs are

directed toward this goal. A population increase of 3 percent per year and efforts to increase per-capita consumption are creating a need for larger food supplies. The Government hopes to meet this greater need by larger production rather than by materially increasing imports. A strong nationalistic feeling has encouraged the drive for self-sufficiency. Aggregate agricultural production increased in 1956-57 and should trend upward in future years.

In addition to subsistence crops, the Government is encouraging research and other programs to increase the production of coffee, the principal exchange earner. Considerable emphasis is being placed upon the use of higher-yielding and sun-grown coffee varieties, heavier fertilization, and improved cultivation. Among several government organizations working in this field are the Salvadoran Institute for Coffee Research and the recently established coffee Foreign Trade Commission for promoting new export markets and expanding traditional markets.

The Government has an Institute of Rural Development but little work is apparently being done in this field.

The Government is also encouraging industrial development. The Instituto Salvadoreño de Fomento de la Producción (Salvadoran Institute for the Development of Production), established in October, 1955, is helping in the establishment or expansion of agricultural and industrial activities. Under the Industries Development Law, the Government grants tax exemptions to certain new enterprises and permits duty-free entry of machinery, equipment, and raw materials used. Some of the industries eligible for benefits under this Law use raw agricultural products and certain agricultural machinery.

Regulation of Foreign Trade

Import duties on agricultural commodities are relatively high. In addition, consular and other fees are assessed. These duties and fees deter increases in imports of U. S. agricultural products.

The Grain Stabilization Board imports or exports grains when warranted by the supply situation. Private sources also engage in trade, but the Stabilization Board advises the Minister of Economy with respect to the issuance of import or export licenses.

Ordinarily, there are no quantitative quotas, as such, on imports. However, on occasions when supplies are considered ample for, or exceed estimated requirements, imports may be limited to specified amounts, or banned by the Minister of Economy. Actually, the Minister of Economy, in effect, has the authority to control agricultural imports through the issuance of import licenses and can also control agricultural exports in the same way.

The semi-official coffee office--Compañía Salvadoreña de Café, S. A.--handles all coffee trade. All cotton exports and domestic sales are through the Cotton Cooperative--Cooperativa Algodonera Salvadoreña, Ltda. The

Comisión de Defensa Azucarera (Sugar Defense Commission) advises the Minister of Economy regarding licenses for sugar trade.

El Salvador has bilateral trade agreements with the United States, the Central American countries, and some European countries. As part of the Central American Integration Program, the Central American countries which grant reciprocal customs preferences to the products of El Salvador are accorded duty-free treatment on some products and, usually, half the regular duty on additional specified products. Work is proceeding on the so-called NAUCA tariff classification, which is an important step in the unification and simplification of the tariff structure in Central America.

El Salvador has no export subsidies on agricultural products. There are no foreign exchange restrictions. The colon remains steady at 2 1/2 to the U. S. dollar.

Internal Market and Price Regulation

Fixed or support prices are the exception rather than the rule in El Salvador. However, the Grain Stabilization Board does provide guaranteed prices for corn and beans, and domestic cotton prices are fixed on the basis of average export prices during the preceding 3 months. Also, domestic prices are fixed for sugar and for henequen coffee bags.

The Grain Stabilization Board can provide guaranteed prices for basic grain crops other than corn and beans. The Board's object is to keep supplies and prices of the grains it handles at reasonable levels.

Licenses are required to plant cotton, and all producers must be members of the Cooperativa Algodonera Salvadoreña, Ltda. The Comisión de Defensa Azucarera controls the sugar industry. It allocates production quotas for domestic consumption to the 21 sugar mills in the country and provides so-called complementary quotas when required.

Indirect Aids to Agriculture

Private credit facilities for aiding agricultural production are considered generally adequate for coffee, sugar, and some other large-scale farming operations. The interest rate for such loans is from 6 to 8 percent. Credit facilities for small farmers, who produce most of the basic foods, are inadequate. The Government recognizes this problem and is trying to improve these facilities. One example is the program under which profits from the operation of the Grain Stabilization Board are used by the Federación Cajas de Crédito Rural (Federation of Rural Credit Funds) for operating expenses and to absorb losses from small credit loans. In general, however, little progress has been made in this area.

Progress is being made in agricultural education and extension. There is a small extension service, and there are several experiment stations in the country. A national school of agriculture, providing a 3-year course in vocational agriculture, was established in 1956.

The Cooperative Agricultural Servicio continued its long-term research and development activities designed to improve production and the standard of living. However, it also started a new project to conduct a general soil survey and land evaluation of the country.

A program to provide some 30,000 plants of improved budded fruit trees--citrus, avocados, mangoes, and others--was started in 1957 and should have material ready for distribution this year.

The advisory services provided by the International Cooperation Administration in the fields of agricultural extension and education made possible some progress in both fields during 1957. The National Agriculture School started its third year in 1958, with 3 ICA advisors in different subject-matter fields. The total enrollment is about 156.

The local Government organized the National Coffee Research Institute with the assistance of an ICA advisor. An office and laboratory building was completed, and 53 research demonstration projects are active throughout the country.

El Salvador and Central American Economic Integration

El Salvador is a leader in the movement to bring Central America together as an economic--and eventually a political--unit, and some progress is being made toward this objective. A Multilateral Free Trade Treaty and an Agreement on Industrial Integration were signed in June by the representatives of the five Central American republics. The effects of Central American integration on El Salvador's agricultural policies and trade are uncertain at this time, although it is believed that adoption of NAUCA (Uniform Customs Nomenclature of Central America) tariff rates will benefit agriculture.

FOREIGN AGRICULTURE CIRCULAR

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FATP 22-58
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U. S. AGRICULTURAL EXPORTS BY DESTINATION

CALENDAR YEAR 1957

Marked shifts in agricultural shipments to major world areas. While U. S. agricultural exports rose by only 8 percent from calendar year 1956 to 1957, totals for major world areas varied widely. Shipments to Asia gained by $215 million, or 22 percent. Shipments to Oceania were up 59 percent; Latin America, 10 percent; Europe and Canada, each 4 percent. Shipments to Africa declined by 31 percent.

1957 farm exports highest on record. Totaling $4,507 million, farm exports in 1957 surpassed the prior calendar year record of $4,158 million in 1956. Quantity also was at an alltime high. Most of the value increase was in cotton, up 45 percent, reflecting the building up of relatively low foreign stocks as the result of CCC sales at competitive world prices. Other increases: food grains, 4 percent; tobacco, 7 percent. Declines: feed grains, 2 percent; fats, oils and oilseeds, 2 percent; fruits, nuts and vegetables, 4 percent; animal products other than fats and oils, 2 percent. There was no change in private relief shipments.

Nearly 70 percent of exports marketed in 12 countries. Twelve countries each took more than $100 million worth of U. S. farm products in 1957. Together they were markets for 68 percent of U. S. farm exports compared

Table 1:-U. S. Agricultural Exports to Major Areas
Calendar Years 1956 and 1957

Area	1956	1957	Increase or decrease	Change	Share of total 1956	Share of total 1957
	$Million			Percent		
Europe	2,168	2,255	+ 87	+ 4	52	50
Asia	970	1,185	+215	+22	23	26
Latin America	524	576	+ 52	+10	13	13
Canada	341	354	+ 13	+ 4	8	8
Africa	121	83	- 38	-31	3	2
Oceania	34	54	+ 20	+59	1	1
TOTAL	4,158	4,507	+349	+ 8	100	100

with 62 percent in 1956. It was significant that this country's largest markets in 1957 included some of the less developed as well as industrially advanced nations. But a substantial part of the trade with less developed countries was under U. S. Government export programs.

* * *

Leading recipients for principal commodity groups in 1957:

...Food grains--India ($198 million)
...Feed grains--United Kingdom ($89 million)
...Cotton and linters--Japan ($217 million)
...Fats, oils and oilseeds--Japan ($84 million)
...Tobacco--United Kingdom ($128 million)
...Fruits, nuts and vegetables--Canada ($164 million)
...Animal products excluding fats and oils--Venezuela ($36 million)

Principal commodity group exported to leading outlets in 1957:

...United Kingdom--cotton and linters ($144 million)
...Japan--cotton and linters ($217 million)
...West Germany--cotton and linters ($147 million)
...Canada--fruits, nuts and vegetables ($164 million)
...India--food grains ($198 million)
...Netherlands--fats, oils and oilseeds ($80 million)
...Italy--cotton and linters ($98 million)
...Cuba--food grains ($58 million)
...Belgium--cotton and linters ($42 million)
...Yugoslavia--food grains ($61 million)
...Korea (Rep.)--food grains ($48 million)
...Mexico--feed grains ($54 million)

* * *

Table 2:-Leading Foreign Outlets for U. S. Agricultural Products, Calendar Year 1957 with Comparisons

Country	1956	1957	+ or -	Chg.
	----$Million----			%
United Kingdom	422	501	+ 79	+ 19
Japan	392	454	+ 62	+ 16
West Germany	366	411	+ 45	+ 12
Canada	341	354	+ 13	+ 4
India	87	253	+166	+191
Netherlands	273	238	- 35	- 13
Italy	160	214	+ 54	+ 34
Cuba	124	147	+ 23	+ 18
Belgium	165	145	- 20	- 12
Yugoslavia	92	129	+ 37	+ 40
Korea (Rep.)	80	123	+ 43	+ 54
Mexico	69	104	+ 35	+ 51
Other	1,587	1,434	-153	- 10
TOTAL	4,158	4,507	+349	+ 8

Half of exports shipped to Europe. Although agricultural shipments to Europe moved upward from $2,168 million in 1956 to $2,255 million in 1957, Europe's share of the total slipped from 52 percent to 50 percent. Shipments to Poland showed the biggest relative rise--more than 30 times larger. Those to Britain rose 13 percent. The biggest drop among principal European countries was that of 40 percent for Spain, followed closely by 38 percent for France. About one-third of exports to Europe in 1957 moved under U. S. Government export programs.

Exports to United Kingdom at 6-year high. Agricultural exports to the United Kingdom--still the No. 1 foreign market and also largely a dollar market--reached a high of $501 million in 1957, one-fifth above 1956 and more than four-fifths over the $274 million low in 1952 when Britain had stringent financial difficulties. The United States accounted for 10 percent of Britain's agricultural imports in 1957. Britain is the world's largest importer of agricultural products.

Chief gain in exports to the United Kingdom in 1957 over 1956 was in cotton, which rose from $79 million to $144 million. Other prominent gains: tobacco, from $111 million to $128 million; corn, from $59 million to $75 million; soybeans, from $2 million to $10 million. Wheat grain fell from $61 million to $49 million; sorghums, from $11 million to $2 million. In the fruit, nut and vegetable group, the total of which receded from $31 million to $18 million, main reductions were in canned peaches, dried prunes, and raisins.

Gain in exports to West Germany dominated by cotton. Exports to West Germany--again the third largest outlet and another largely dollar market--rose from $366 million in 1956 to $411 million in 1957. Cotton exports climbed from $71 million to $147 million. Small increases occurred in tobacco and fats, oils and oilseeds. Among the latter, however, advances in soybeans from $30 million to $36 million and cottonseed oil from $24 million to $33 million were largely offset by reductions in lard from $9 million to $3 million and tallow from $10 million to $5 million. West German demand for soybeans for use by the margarine, table oil and oilcake industries continued to grow. Demand for U. S. lard weakened as other countries offered lard at lower prices.

Table 3:-U. S. Agricultural Exports to Europe, Calendar Years 1956 and 1957

Country	1956	1957	+ or -	Chg.
	----$Million----			%
United Kingdom	422	501	+79	+19
West Germany	366	411	+45	+12
Netherlands	273	238	-35	-13
Italy	160	214	+54	+34
Belgium	165	145	-20	-12
Yugoslavia	92	129	+37	+40
Spain	166	100	-66	-40
France	138	85	-53	-38
Poland	2	63	+61	1/
Switzerland	56	60	+ 4	+ 7
Turkey	36	58	+22	+61
Sweden	42	50	+ 8	+19
Greece	62	46	-16	-26
Other	188	155	-33	-18
TOTAL	2,168	2,255	+87	+ 4

1/ More than 30 times larger.

Exports of both food and feed grains declined: wheat, from $50 million to $41 million; barley grain, from $16 million to $3 million; grain sorghums, from $9 million to $2 million. Corn remained at $14 million. West German stocks of grains were high in 1957. The wheat crop set a record; the potato crop was big, and the barley crop good. Much damaged wheat was available for feeding.

Netherlands down from fifth to sixth place as foreign outlet. The Netherlands is an important importer, processor, and exporter of agricultural products. U. S. products destined for the

Netherlands include not only items for consumption there but also for processing and transshipment. U. S. shipments declined from $273 million in 1956 to $238 million in 1957. Normally, the Netherlands is this country's fifth largest agricultural outlet; but, with last year's heavy rise in shipments to India, it slipped into sixth place. Most U. S. agricultural exports to the Netherlands were dollar sales.

Main reductions in shipments to the Netherlands from 1956 to 1957 were in grains. Wheat grain dropped from $38 million to $12 million; barley grain, from $16 million to $8 million; grain sorghums, from $14 million to $5 million; oats, also from $14 million to $5 million. Corn increased from $18 million to $23 million. The Netherlands purchased large quantities of barley and wheat from Argentina in 1957. Moreover, the Dutch wheat crop was much larger in 1957. There were notable advances in U. S. exports of cotton and fats, oils and oilseeds, with the latter reflecting more soybeans, cottonseed oil and linseed oil partly offset by less flaxseed.

Half of exports to Italy aided by U. S. export programs. Shipments to Italy--seventh largest outlet--gained from $160 million in 1956 to $214 million in 1957. About half of the 1957 total was under U. S. Government export programs. About half of the program total consisted of Title I, Public Law 480 sales for lira. Title II and private relief shipments were substantial.

Largest export increase to Italy in 1957 over 1956 was in cotton which rose from $56 million to $98 million. Wheat rose from $9 million to $14 million and soybean oil, from $8 million to $22 million due to short durum wheat and olive crops in Italy in 1956. Italy is on an export basis for soft wheat. Meanwhile, U. S. butter exports fell from $6 million to $1 million and cheese, from $10 million to $5 million, reflecting reductions for the Italian school lunch program.

Exports to Yugoslavia a record but mostly foreign aid. Shipments to Yugoslavia rose from $92 million in 1956 to $129 million in 1957, a record high. Almost 85 percent of the 1957 total represented U. S. export program activity, chiefly Title I, Public Law 480 sales for dinars, but it also included relief shipments. Chief rise was in wheat, from $46 million to $61 million. Fats, oils and oilseeds moved up from $13 million to $18 million, with soybean oil amounting to $6 million in 1957 compared with none in 1956. Private relief shipments nearly trebled to $29 million in 1957.

Oils and cotton prominent in downturn in exports to Spain. The $66 million, or 40 percent, drop in exports to Spain from 1956 to 1957 involved primarily cotton and edible vegetable oils. Cotton exports declined sharply from $39 million to $15 million; edible vegetable oils, from $79 million to $40 million. Exports of both were unusually heavy in 1956. Shipments of fresh and frozen beef totaled about $10 million in 1956 and 1957. All but $10 million of agricultural exports to Spain in 1957 moved under U. S. Government programs, principally Title I sales for pesetas but also relief shipments and ICA foreign currency sales. Spain fell from sixth to thirteenth place as a market for U. S. agricultural products in 1957.

Less wheat to France in 1957. The $53 million, or 38 percent, decline in shipments to France in 1957 reflected mainly less wheat as French output recovered and France again became a net exporter. U. S. shipments of cotton and soybeans were also somewhat less in 1957. Over half of the $85 million of agricultural shipments in 1957 reflected U. S. Government programs, chiefly ICA economic aid. France rigidly controls its dollar imports to conserve foreign exchange. When a commodity is temporarily in short supply and connot be bought in non-dollar areas, authorization to import from the United States may be made. But, when supplies are sufficient, the imports are stopped.

Heavy Title I shipments to Poland. Agricultural exports to Poland--insignificant in recent years--climbed to $63 million in 1957. They included $28 million of wheat, $23 million of cotton, $6 million of tallow, and $4 million of soybeans. Poland ranked seventeenth as an outlet, with 90 percent of the total under Title I of Public Law 480.

* * *

Exports to Asia up to 26 percent of total in 1957. Shipments to Asia increased from $970 million in 1956 to $1,185 million in 1957, causing the share of U. S. exports to Asia to rise from 23 percent to 26 percent. More than half of the total in 1957 was under U. S. Government export programs. Shipments to India nearly trebled. Those to Japan advanced by one-sixth. Those to the Republic of Korea rose by more than half. Shipments to the Philippines also were larger. There were sizable declines for Pakistan, Indonesia, and Vietnam, Laos and Cambodia.

Exports to Japan at new peak. Agricultural exports to Japan--continuing as the second most important foreign outlet--moved up from $392 million in 1956 to $454 million in 1957. The previous record was $429 million in 1952. U. S. Government programs, excluding Export-Import Bank loans, comprised one-sixth of the exports in 1957, about half of which were sales for yen under Title I of Public Law 480. However, much of these Title I sales consisted of cotton shipped to Japan for processing into textiles which were then exported to Indonesia and Burma.

Table 4:-U. S. Agricultural Exports to Asia, Calendar Years 1956 and 1957

Country	1956	1957	+ or -	Chg.
	-----$Million-----			%
Japan	392	454	+ 62	+ 16
India	87	253	+166	+191
Korea (Rep.)	80	123	+ 43	+ 54
Philippines	54	68	+ 14	+ 26
Pakistan	91	60	- 31	- 34
Taiwan	52	52	0	0
Indonesia	55	22	- 33	- 60
Vietnam, Laos, and Cambodia	35	24	- 11	- 31
Other	124	129	+ 6	+ 5
TOTAL	970	1,185	+215	+ 22

The principal rise in shipments to Japan was in cotton, which increased from $180 million in 1956 to $217 million in 1957. Japan's cotton purchases from all countries remained about the same in both years; but purchases from Mexico, which had jumped heavily from 1955 to 1956, fell back in 1957 to about the 1955 level. Wheat shipments mounted from $67 million to $84 million; and soybeans, from $51 million to $61 million. Japan's imports of wheat from Australia were down

in 1957 due to the latter's short crop. U. S. rice shipments continued negligible. Feed grains changed little in total, but there was a gain in corn and a drop in barley grain.

Largest absolute gain in exports to India. Agricultural exports to India rose by $166 million in 1957 over 1956. This was the largest country gain and advanced India from thirteenth to fifth place as a market for U. S. farm products. Last year's exports of $253 million compared with $340 million in 1951. Biggest single rise in 1957 over 1956 was in food grains, from $42 million to $198 million. Wheat jumped from nearly $36 million to $177 million; rice, from nearly $7 million to $20 million. Over 90 percent of the total in 1957 was under U. S. Government programs; 78 percent of the total consisted of Title I sales for rupees.

More food grains to Korea. Shipments to Korea expanded from $80 million in 1956 to $123 million in 1957. Wheat and rice accounted for the bulk of the gain, but large increases occurred also in fats, oils and oilseeds and private relief. Wheat rose from $13 million to $24 million; rice, from less than $1 million to $23 million; soybeans from $1 million to $6 million. About 90 percent of shipments in 1957 were under U. S. Government programs, including ICA economic aid, Title I sales, and relief.

* * *

Latin America still accounting for 13 percent of U. S. agricultural exports. Shipments of agricultural products to Latin America rose from $524 million in 1956 to $576 million in 1957. This area continued to account for 13 percent of U. S. agricultural exports. Shipments to Mexico and Peru rose by more than half, and those to Cuba--largest Latin-American outlet--went up by nearly one-fifth. There also were increases for Panama, Venezuela, Colombia, and British West Indies. Shipments to Bolivia were down more than half, and those to Argentina shrank from $24 million to $2 million. One-sixth of farm exports to Latin America in 1957 moved under U. S. Government programs; about one-tenth of the export total consisted of Title I sales, chiefly to Brazil, Chile, and Colombia.

Table 5:-U. S. Agricultural Exports to Latin America, Calendar Years 1956 and 1957

Country	1956	1957	+ or -	Chg.
	----$Million----			%
Cuba	124	147	+23	+19
Mexico	69	104	+35	+51
Venezuela	72	82	+10	+14
Brazil	42	41	- 1	- 2
Colombia	29	34	+ 5	+17
Chile	26	27	+ 1	+ 4
Br. W. Indies	20	25	+ 5	+25
Peru	13	20	+ 7	+54
Panama	9	12	+ 3	+33
Guatemala	9	9	0	0
Bolivia	20	9	-11	-55
Argentina 1/	24	2	-22	-92
Other	67	64	- 3	- 4
TOTAL	524	576	+52	+10

1/ Included to show extreme shift; not next in line.

Heavy corn shipments to Mexico. The biggest export gain to a Latin American nation in 1957 was in exports to Mexico. They rose from $69 million in 1956 to $104 million in 1957, reflecting larger shipments of corn, which increased from $7 million to $47 million following a short crop in Mexico due to drought. There were declines in exports of wheat and fats and oils. Only about 4 percent of shipments to Mexico in 1957 moved under U. S. export programs, mostly barter.

* * *

Table 6:-U. S. Agricultural Exports to Africa, Calendar Years 1956 and 1957

Country	1956	1957	+ or -	Chg.
	----$Million----			%
Egypt	48	13	-35	-73
Morocco	10	15	+ 5	+50
U. of So. Africa	13	12	- 1	- 8
Nigeria	7	8	+ 1	+14
Ghana	4	6	+ 2	+50
Belgian Congo	4	6	+ 2	+50
Fr. W. Africa	6	4	- 2	-33
Tunisia	6	4	- 2	-33
Algeria	6	4	- 2	-33
Liberia	2	3	+ 1	+50
Other	15	8	- 7	-47
TOTAL	121	83	-38	-31

Exports to Canada--8 percent of U. S. farm shipments--at new peak. Shipments to Canada--continuing as the fourth largest foreign market for U. S. agricultural products--reached a record high in 1957: $354 million, 4 percent more than in 1956. They accounted for 8 percent of U. S. exports in both 1956 and 1957. Largest gain last year--$13 million--was in cotton. Other shipments--mainly fruits and vegetables and grains--increased somewhat while fats, oils and oilseeds and animal products held up well. Canada is an important outlet for a long list of U. S. farm products and is a natural market. It does business on a cash dollar basis and does not participate in any U. S. export program. Canada's economic growth in recent years has greatly increased market opportunities in that country.

* * *

Egypt main factor in export drop to Africa. Agricultural exports to Africa declined from $121 million in 1956 to $83 million in 1957, almost wholly due to smaller wheat shipments to Egypt, which dropped from $33 million to less than $2 million. Much wheat was shipped under Public Law 480 in 1956. About one-tenth of farm shipments to Egypt in 1957 were under U. S. Government programs. Private relief--two-thirds of exports to Egypt in 1955--dropped to relative insignificance in 1957. Shipments to Africa accounted for 2 percent of U. S. exports in 1957 compared with 3 percent in 1956. Morocco became the largest outlet in Africa in 1957, but 70 percent of the shipments consisted of relief and economic aid.

* * *

Oceania smallest area outlet for U. S. exports. Agricultural exports to Oceania comprised 1 percent of U. S. agricultural exports in 1957, same as in 1956. They increased from $34 million in 1956 to $54 million in 1957--none under aid. Largest single outlet in Oceania was Australia--25th largest--which last year took much more U. S. cotton and tobacco. The tobacco shipments were at a 5-year peak. The other important outlet in Oceania was New Zealand.

* * *

Other developments in 1957:

...Cuba: Exports highest since 1952. 36 percent gain in food grains, chiefly rice, over 1956.

...Argentina: Exports down to $1.5 million, insignificant after shipment of $23 million of fats and oils in 1956.

Prepared in the Trade Statistics Branch, FAS, in cooperation with commodity and regional specialists. Detailed statistics for 1957 appear in Foreign Agricultural Trade of the United States--Trade by Countries, 1957.

U. S. Agricultural Exports
Major Countries of Destination by Major Commodity Groups
Specified Calendar Years

Country by rank and year	Total	Grains and preps.: Food 1/	Grains and preps.: Feed 2/	Cotton and linters	Fats, oils, and oil-seeds 3/	Tobacco, unmfd.	Fruits, nuts, and vegs.	Other animal products 4/	Private relief 5/	Other 6/
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Total										
1953	2,843.8	753.0	305.1	521.2	302.8	340.8	251.4	219.9	49.1	100.5
1954	3,046.3	546.3	203.1	787.7	484.5	303.1	295.0	247.3	71.7	107.6
1955	3,194.6	579.4	360.7	477.0	511.5	360.2	292.8	304.9	170.9	137.2
1956	4,157.7	949.4	389.1	728.7	661.8	333.5	392.4	373.5	175.3	154.0
1957	4,507.4	988.0	380.0	1,058.6	650.0	359.1	377.6	368.5	175.5	150.1
United Kingdom (1)										
1953	295.9	29.4	55.5	53.4	9.4	126.8	8.0	5.8	1.4	6.2
1954	362.7	23.5	59.1	92.5	37.0	109.8	17.4	12.2	0.6	10.6
1955	376.9	26.0	86.3	43.4	38.7	129.8	19.4	17.0	0.3	16.0
1956	421.9	63.2	76.6	79.3	29.5	111.0	30.7	18.6	0.2	12.8
1957	500.7	51.4	88.6	144.3	41.2	128.4	18.2	18.0	0.1	10.5
Japan (2)										
1953	367.2	120.5	22.3	115.7	66.1	8.5	3.0	22.0	0.5	8.6
1954	417.7	120.4	21.9	175.1	69.0	5.9	1.6	20.1	1.4	2.3
1955	386.1	114.6	28.4	121.2	77.5	14.0	1.2	22.9	1.3	5.0
1956	391.5	67.6	28.8	180.2	72.9	5.1	1.8	26.8	2.8	5.5
1957	454.1	84.8	27.1	217.3	84.2	3.3	2.7	26.4	2.3	6.0
West Germany (3)										
1953	218.8	62.7	9.9	44.3	24.0	43.2	5.1	11.2	14.3	4.1
1954	266.8	54.3	8.2	88.9	43.7	26.8	10.0	15.3	14.7	4.9
1955	241.9	39.0	22.5	38.1	56.5	38.0	8.6	16.9	15.9	6.4
1956	365.6	52.8	39.4	70.6	79.4	43.0	29.1	24.9	19.3	7.1
1957	411.4	44.0	18.9	147.3	81.9	46.0	30.0	21.7	10.9	10.7
Canada (4)										
1953	246.3	10.2	11.5	40.9	31.8	1.7	112.0	20.2	7/	17.9
1954	298.5	8.4	21.4	50.9	43.3	1.6	130.5	19.6	7/	22.7
1955	282.3	11.1	8.1	37.2	34.3	1.4	134.7	27.9	7/	27.5
1956	340.8	5.6	18.3	30.1	46.0	1.6	162.6	34.0	7/	42.6
1957	354.5	8.3	17.3	43.3	45.7	2.1	164.3	31.3	0.1	42.1
India (5)										
1953	54.2	33.4	10.5	5.7	0.3	1.3	7/	0.5	1.5	1.0
1954	44.4	1.6	0.1	37.6	0.1	1.4	7/	1.4	1.7	0.4
1955	43.9	7/	11.1	3.0	0.1	2.9	7/	2.3	23.7	0.7
1956	87.1	42.5	7/	25.8	0.1	1.7	7/	2.8	13.4	0.7
1957	252.9	197.7	7/	36.9	7/	2.7	0.1	4.0	10.9	0.5
Netherlands (6)										
1953	133.9	18.8	21.7	12.9	38.6	16.6	10.1	11.2	0.1	3.9
1954	246.4	21.0	22.1	21.8	110.7	17.0	19.2	22.2	7/	12.3
1955	242.7	38.3	64.4	10.2	73.7	13.4	12.3	20.2	7/	10.1
1956	272.7	48.7	61.8	20.1	71.7	15.1	26.0	19.0	7/	10.3
1957	238.4	19.7	41.6	29.7	80.0	16.0	21.8	24.2	7/	5.4
Italy (7)										
1953	103.6	27.7	4.3	42.6	8.0	4.4	1.7	3.6	7/	11.2
1954	91.5	0.8	0.2	56.5	12.6	3.2	1.5	2.6	4.0	10.1
1955	93.8	7.3	1.2	24.6	16.0	3.4	1.7	7.6	29.0	3.0
1956	160.3	10.7	5.5	56.0	32.3	4.9	1.6	19.8	25.3	4.2
1957	213.9	15.9	4.4	98.1	43.1	4.5	1.2	12.8	29.0	4.9
Cuba (8)										
1953	143.4	71.4	2.3	1.6	23.2	7/	24.6	15.7	7/	4.5
1954	133.5	50.5	2.4	4.7	33.0	0	23.5	14.5	0.2	4.7
1955	107.6	32.4	2.5	1.4	25.5	7/	23.3	17.4	7/	5.0
1956	123.6	42.5	2.7	3.2	26.0	0	25.3	18.4	0	5.5
1957	146.8	57.6	2.9	4.8	30.8	0	26.6	20.4	0	3.7
Belgium (9)										
1953	77.7	11.2	27.2	8.8	9.5	5.1	8.9	4.9	7/	2.0
1954	85.3	9.7	17.9	15.9	15.4	5.0	12.7	4.8	0.1	3.8
1955	109.1	12.8	45.6	4.8	16.2	9.2	9.8	4.7	0.1	5.9
1956	164.8	33.1	49.2	24.6	23.4	8.7	14.6	5.1	0.1	6.0
1957	144.8	14.3	38.9	42.0	15.9	8.4	15.6	5.3	0.1	4.3

U. S. Agricultural Exports
Major Countries of Destination by Major Commodity Groups
Specified Calendar Years

Country by rank and year	Total	Grains and preps.: Food 1/	Grains and preps.: Feed 2/	Cotton and linters	Fats, and oil-seeds 3/	Tobacco, unmfd.	Fruits, nuts, and vegs.	Other animal products 4/	Private relief 5/	Other 6/
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Yugoslavia (10)										
1953	74.4	42.3	7.9	11.9	4.6	1.3	0.7	4.5	7/	1.2
1954	74.4	52.5	0.5	8.3	6.9	0.4	7/	4.8	0.8	0.2
1955	109.4	75.5	1.1	13.0	4.9	0	0	1.2	13.3	0.4
1956	92.4	45.8	0.5	18.2	13.4	0	0.2	3.7	10.6	7/
1957	128.6	60.9	0	18.5	18.1	7/	7/	1.8	29.2	7/
Korea (Rep.) (11)										
1953	66.6	34.1	17.4	7.9	2.1	0	0.1	2.9	1.4	0.7
1954	39.0	6.4	2.0	20.4	2.6	0	0.1	3.7	3.8	7/
1955	42.7	4.2	1.5	24.7	1.9	0	0.1	5.3	4.9	0.1
1956	79.6	13.4	14.4	26.5	2.7	4.7	0.1	7.8	7.7	2.3
1957	123.2	47.6	16.4	22.2	10.4	2.1	0.6	9.5	13.4	1.0
Mexico (12)										
1953	103.2	19.9	32.7	7/	12.6	2.2	12.7	18.1	7/	5.0
1954	59.4	6.0	10.1	0	14.4	3.7	6.0	14.9	7/	4.2
1955	49.4	1.7	2.6	0	11.1	2.1	5.3	20.1	0.1	6.4
1956	68.6	6.9	10.6	0	12.2	2.5	5.8	22.7	0.2	7.7
1957	103.5	0.6	53.8	7/	8.4	2.5	6.6	21.7	0.3	9.6
Spain (13)										
1953	37.1	14.1	7/	20.1	0.1	1.5	0.3	0.9	7/	7/
1954	57.2	29.2	7/	21.0	0.3	2.1	0.1	0.4	4.0	7/
1955	93.4	0.9	3.1	45.7	24.4	3.5	7/	1.8	13.9	7/
1956	166.0	1.2	2.7	39.3	82.6	3.2	1.5	14.3	20.9	0.3
1957	99.7	1.0	5.6	14.7	43.6	2.1	0.1	13.4	19.2	7/
France (14)										
1953	112.7	0.1	9.0	84.7	5.7	3.4	6.7	0.9	0.4	1.8
1954	124.6	7/	0.5	107.2	4.7	6.1	1.8	1.3	1.2	1.7
1955	68.7	7/	2.2	37.6	13.0	4.5	3.8	2.1	2.6	2.9
1956	138.1	52.2	4.5	52.6	11.3	3.8	3.9	4.1	2.0	3.7
1957	85.1	13.1	3.0	47.3	8.6	4.8	3.3	2.0	0.4	2.6
Venezuela (15)										
1953	68.6	12.6	5.5	7/	1.7	0.5	11.1	33.2	7/	4.0
1954	63.6	11.0	4.6	7/	2.3	0.5	12.1	29.4	7/	3.6
1955	72.9	12.6	5.0	7/	2.7	0.8	13.8	34.1	7/	3.8
1956	72.4	13.6	5.9	0.3	2.6	0.4	12.1	33.7	0	3.8
1957	82.3	14.3	6.8	1.0	4.2	0.1	17.1	35.8	7/	3.0
Philippines (16)										
1953	59.2	7.7	2.9	2.3	2.7	11.4	5.7	22.8	0.1	3.6
1954	54.1	7.9	1.0	1.4	2.2	11.0	5.2	21.0	0.8	3.6
1955	60.0	10.5	0.9	2.2	1.8	11.4	4.5	24.5	7/	4.2
1956	53.7	10.7	0.6	4.1	1.6	1.7	3.9	27.8	7/	3.3
1957	68.3	17.1	1.4	6.0	2.3	0.2	5.1	29.4	2.4	4.4
Poland (17)										
1953	0	0	0	0	0	0	0	0	0	0
1954	7/	0	0	0	0	0	7/	7/	0	0
1955	0.7	0	0	0	0.2	0	7/	0.5	0	7/
1956	1.8	0	0.2	0.2	1.3	0.1	0	0	7/	7/
1957	62.6	28.2	0	23.3	10.6	0.1	0	7/	7/	0.4
Switzerland (18)										
1953	31.1	0.6	2.1	4.0	4.9	8.2	7.6	2.6	7/	1.1
1954	41.3	1.4	1.3	7.2	7.6	8.5	10.5	3.2	7/	1.6
1955	36.9	1.7	5.1	2.9	5.4	7.9	8.1	2.9	7/	2.9
1956	56.1	11.6	1.9	12.1	3.4	9.4	11.4	4.3	0	2.0
1957	59.8	7.5	1.9	14.7	4.2	10.6	12.3	6.3	7/	2.3
Pakistan (19)										
1953	75.6	73.3	0	0	0	1.5	0	0.1	0.7	7/
1954	5.8	2.1	0	0	0.4	2.0	7/	0.8	0.5	7/
1955	16.4	7/	7/	3.1	4.1	2.3	7/	1.7	4.2	0.9
1956	91.1	76.7	7/	0.1	0.2	2.2	0.1	1.8	8.2	1.8
1957	59.5	43.4	7/	5.3	2.1	2.6	0.2	1.7	4.2	7/

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		Food 1/	Feed 2/							
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Turkey (20)										
1953	1.3	0	7/	0	7/	0	7/	1.2	7/	7/
1954	6.3	5.9	0	0	7/	0	7/	0.2	0.1	7/
1955	28.6	12.4	11.3	0	4.0	0	7/	0.7	0.2	7/
1956	35.8	21.4	0.3	0	4.8	0	0	9.2	0.1	7/
1957	58.5	37.6	4.4	7/	7.6	0	7/	7.6	0.1	1.1
Taiwan (21)										
1953	44.0	9.7	0.1	18.6	13.7	1.0	7/	0.6	0.2	7/
1954	43.6	12.2	1.8	15.4	10.3	1.5	7/	1.4	0.9	7/
1955	55.9	12.4	0.1	22.2	13.0	1.8	7/	2.4	3.9	7/
1956	51.5	12.8	0.5	12.7	12.9	2.8	0	1.6	8.1	0.1
1957	52.2	11.8	7/	18.8	12.1	1.0	7/	2.8	5.7	7/
Sweden (22)										
1953	19.0	7/	0.2	5.3	1.3	7.3	4.5	0.2	7/	0.1
1954	30.1	0.6	7/	10.7	1.9	7.5	8.3	1.0	7/	7/
1955	28.3	0.3	2.1	4.3	0.2	8.2	10.6	1.6	7/	1.0
1956	41.5	0.7	1.2	6.5	2.2	10.6	15.8	2.5	0	2.0
1957	50.4	2.7	0.4	19.2	0.2	11.7	12.7	2.1	0	1.4
Greece (23)										
1953	26.7	11.6	0.1	0	0.5	0	1.8	5.0	0.8	6.9
1954	22.6	16.1	0.2	0.6	0.1	0	7/	1.9	3.6	0.1
1955	47.8	21.8	2.7	0.8	4.2	0	7/	2.7	15.5	0.1
1956	62.5	29.2	6.5	0.4	11.3	0	0	1.1	10.5	3.5
1957	46.3	20.3	1.9	4.5	7.9	0	7/	1.1	10.2	0.4
Israel (24)										
1953	33.9	11.6	1.3	2.5	2.0	0.2	0.7	2.8	11.6	1.2
1954	35.0	6.8	0.7	3.0	3.9	0.1	3.4	4.7	11.9	0.5
1955	45.1	14.8	7.1	3.1	6.7	0.3	0.3	11.5	0.5	0.8
1956	47.5	19.0	5.8	3.1	7.0	0.2	1.1	9.1	1.4	0.8
1957	45.4	18.1	7.3	2.0	6.8	0.3	0.5	8.1	1.5	0.8
Australia (25)										
1953	25.3	7/	0	3.1	7/	21.1	7/	0.6	7/	0.3
1954	33.8	7/	0	10.3	7/	22.7	0.1	0.3	0	0.3
1955	32.5	0	0	7.2	7/	24.2	7/	0.4	7/	0.6
1956	26.0	0	7/	6.8	7/	17.9	7/	0.7	0	0.5
1957	45.0	7/	7/	11.3	0.8	30.7	7/	1.4	7/	0.6
Brazil (26)										
1953	17.6	11.7	0.9	0	1.3	0.4	0.7	0.8	7/	1.8
1954	20.6	14.6	0.4	0	0.1	0.1	0.8	2.0	0.5	2.1
1955	13.3	7.2	0.9	0	0.3	0.1	0.2	2.5	1.1	1.0
1956	42.3	34.4	1.0	0	1.5	0.3	0.2	2.8	1.3	0.8
1957	40.7	33.4	0.6	0	1.3	7/	0.4	3.5	0.3	1.2
Denmark (27)										
1953	19.9	0.5	0.1	5.8	4.2	7.5	0.2	0.2	7/	1.4
1954	19.5	0.5	7/	3.9	4.4	5.9	0.2	0.5	0	4.0
1955	37.4	1.9	3.7	2.0	10.1	7.9	1.2	2.0	7/	8.6
1956	44.2	13.4	4.7	2.1	10.7	8.1	3.3	1.7	0.2	7/
1957	39.8	5.0	0.6	5.0	14.3	9.0	2.4	1.0	0	2.5
Colombia (28)										
1953	15.9	1.8	3.4	1.7	4.1	7/	0.5	2.3	7/	2.1
1954	30.9	5.6	4.2	1.5	3.2	0.1	2.5	11.2	0.3	2.3
1955	27.3	4.0	2.4	1.9	5.2	7/	1.3	9.3	0.6	2.6
1956	29.3	6.8	3.1	6.7	3.6	0	1.0	3.3	1.8	3.0
1957	33.6	7.6	3.0	10.2	6.8	0	0.3	1.0	2.9	1.8
Austria (29)										
1953	44.4	13.4	12.2	11.1	3.2	1.9	0.1	0.5	1.9	0.1
1954	17.7	0.7	5.1	4.6	3.5	1.3	7/	0.2	2.2	7/
1955	25.8	0.6	11.2	2.4	3.4	2.5	0.1	0.6	4.9	0.1
1956	38.1	7.1	11.4	5.4	4.1	4.6	0.4	0.4	4.4	0.3
1957	32.3	3.2	13.5	8.9	1.8	1.2	0.2	0.6	2.4	0.5

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	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Hong Kong (30)										
1953	8.8	0.7	7/	0.1	1.0	2.6	2.8	0.4	0.1	1.1
1954	14.4	1.1	0.2	2.0	2.0	1.9	3.3	0.4	1.4	2.1
1955	11.4	1.2	0.1	0.4	0.2	2.4	3.2	0.6	1.0	2.3
1956	24.2	0.7	0.5	8.8	0.3	2.3	3.9	1.6	3.4	2.7
1957	27.9	1.1	0.1	12.7	0.2	2.1	3.4	1.8	3.5	3.0
Chile (31)										
1953	3.2	0.1	7/	1.1	0.1	0.2	7/	0.1	7/	1.5
1954	11.8	0.2	0.3	5.5	3.3	0.1	7/	1.3	7/	1.0
1955	12.9	2.3	7/	1.4	6.6	0.1	7/	1.4	0	1.0
1956	26.5	7.7	7/	7.2	9.8	0.2	0.2	0.4	0.1	0.9
1957	26.8	7.1	7/	10.5	6.2	0.1	0.2	0.4	1.5	0.8
Norway (32)										
1953	24.4	4.9	7.7	1.9	2.3	4.6	2.0	0.5	7/	0.5
1954	25.8	6.9	4.1	2.8	2.4	4.9	2.8	0.8	0.1	0.9
1955	32.6	7.9	9.3	1.2	3.6	5.1	2.6	0.2	7/	2.7
1956	32.9	5.9	7.8	1.0	3.7	5.5	6.4	0.5	7/	2.1
1957	26.0	2.7	4.5	3.1	4.4	4.8	5.0	0.4	7/	1.1
Vietnam, Laos, and Cambodia (33)										
1953	6.1	0	0	3.5	7/	2.5	7/	0	7/	7/
1954	5.3	0	0	1.9	0	1.5	7/	0.1	1.8	7/
1955	13.5	4.2	7/	0	7/	3.1	0.4	1.6	4.2	7/
1956	35.2	4.4	0.5	0	0.3	5.3	0.6	8.5	13.9	1.7
1957	23.9	2.6	0.2	7/	0.3	3.5	0.2	7.3	8.7	1.1
Indonesia (34)										
1953	23.3	10.4	7/	3.3	0.1	8.7	0.2	0.6	7/	7/
1954	14.0	1.0	7/	5.0	0.1	7.1	0.2	0.2	0.1	0.3
1955	12.2	1.3	7/	3.9	0.1	5.9	0.2	0.7	0.1	7/
1956	54.7	39.6	0.1	4.2	0.1	9.4	0.2	0.8	0.3	7/
1957	22.1	6.3	0.1	6.2	0.1	7.5	0.2	1.4	0.1	0.2
Portugal (35)										
1953	7.7	4.9	7/	0	7/	2.8	7/	7/	0	7/
1954	5.7	2.8	7/	0	7/	2.8	7/	7/	7/	7/
1955	7.1	2.3	7/	2.1	7/	2.4	7/	7/	7/	7/
1956	23.9	10.5	0.1	5.7	0.1	3.1	7/	0.5	3.8	7/
1957	19.7	4.0	0.1	9.6	7/	2.9	7/	0.2	2.9	7/
Peru (36)										
1953	9.7	2.7	0.6	0.4	2.1	0	1.0	1.2	0.2	1.5
1954	7.7	1.6	0.4	0	1.2	0.2	0.9	1.1	0.9	1.4
1955	15.1	7.0	0.5	0	2.3	0.2	1.3	1.8	0.5	1.5
1956	13.3	4.2	1.7	0	2.3	0.1	1.1	2.8	0.2	0.9
1957	19.5	9.2	3.2	7/	1.8	7/	1.8	2.0	0.6	0.8
Morocco (37)										
1953	2.7	7/	7/	1.7	0.2	0.1	0.1	0.2	0.1	0.3
1954	6.9	0.9	7/	2.2	2.6	0.1	0.2	0.2	0.2	0.4
1955	4.1	0.4	0.1	1.0	1.6	0.2	0.3	0.1	0.2	0.2
1956	9.9	1.5	7/	1.5	5.8	0.2	0.3	0.1	0.2	0.3
1957	14.6	2.5	7/	2.1	6.0	0.4	0.3	0.1	2.8	0.4
Egypt (38)										
1953	31.3	23.5	0.7	0	3.0	3.7	0.1	0.1	0.2	7/
1954	11.7	2.3	7/	0	3.8	3.6	0.1	1.2	0.5	0.1
1955	33.8	1.7	0.1	0	0.1	5.3	0.1	1.6	20.8	4.1
1956	48.5	32.9	0	0	4.2	4.3	0	1.0	5.9	0.2
1957	13.4	1.5	0	0	6.3	4.7	7/	0.3	0.5	0.1
Ireland (39)										
1953	30.4	2.2	12.6	0.7	0.4	12.2	0.9	0.2	7/	1.2
1954	19.6	0.8	3.6	1.0	1.2	10.0	1.2	0.4	0	1.4
1955	27.3	0.1	10.5	0.5	1.8	9.1	2.6	0.2	0	2.5
1956	20.6	1.9	7.3	0.5	0.7	6.3	2.4	0.1	0	1.4
1957	12.7	0.5	0.8	0.6	0.1	7.6	1.8	0.2	0	1.1

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	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Panama (40)										
1953	8.6	1.3	0.6	0	1.6	7/	2.4	1.7	7/	0.9
1954	9.8	1.5	0.7	7/	2.7	0.1	2.3	1.6	0.1	0.8
1955	7.9	1.5	0.8	7/	0.8	0.1	2.4	1.3	0.2	0.8
1956	8.9	1.3	0.9	7/	1.0	0.1	2.6	1.4	0.5	1.1
1957	12.4	2.2	1.0	7/	1.4	0.2	3.8	2.2	0.7	0.9
Thailand (41)										
1953	6.7	7/	0.1	0	0.3	5.1	0.4	0.4	0	0.4
1954	5.1	7/	7/	0	0.5	3.3	7/	0.4	0	0.8
1955	8.1	7/	0.1	0	0.3	6.5	0.1	0.4	7/	0.6
1956	7.6	0.1	7/	0	0.1	6.5	0.2	0.4	7/	0.2
1957	12.0	0.2	0.1	0	7/	9.9	0.1	1.0	7/	0.6
Union of South Africa (42)										
1953	18.7	5.6	8.7	0.1	3.0	0.1	0.1	0.3	0	0.8
1954	11.3	4.1	7/	0.8	5.1	7/	0.2	0.3	0	0.7
1955	12.1	4.1	7/	0.7	5.4	0.1	0.5	0.4	7/	0.8
1956	13.0	1.9	0.1	2.6	5.7	0.5	0.6	0.6	0	1.0
1957	11.7	0.1	7/	4.7	3.9	0.5	0.9	0.4	0	1.2
Bolivia (45)										
1953	3.2	1.9	7/	0	0.5	0	7/	0.1	0.3	0.3
1954	13.2	9.6	7/	1.2	1.8	0	0.1	0.1	0.1	0.3
1955	14.2	8.2	7/	1.5	2.5	0	0.1	0.4	1.3	0.2
1956	20.5	14.7	7/	1.8	1.7	0	0.1	0.9	0	1.3
1957	8.8	4.9	7/	1.7	1.5	0	0.1	0.1	0.4	0.1
Finland (50)										
1953	2.6	7/	7/	7/	0.2	2.1	0.2	7/	0.1	7/
1954	6.5	7/	0.1	2.0	0.8	3.5	7/	0.1	7/	7/
1955	12.8	0.2	0.5	5.2	0.5	2.7	0.3	0.1	1.4	1.9
1956	18.7	6.4	1.7	4.2	0.5	3.5	1.5	7/	7/	0.8
1957	7.5	1.9	7/	3.1	7/	2.2	0.1	7/	7/	7/
Lebanon (62)										
1953	5.1	2.7	7/	7/	0.1	7/	0.4	0.6	1.2	7/
1954	8.9	2.1	7/	0	0.1	0	0.5	3.7	2.3	0.1
1955	12.4	7.0	7/	0	0.6	7/	0.2	4.0	0.4	0.1
1956	9.7	5.1	0.1	0.8	0.2	0.5	0.3	2.7	7/	7/
1957	4.9	2.0	7/	0.6	0.2	0.1	0.4	1.1	0.1	0.4
Argentina (83)										
1953	0.8	7/	7/	0	7/	7/	0.2	0.3	0	0.1
1954	4.7	0	0.1	0	3.4	0	0.2	1.0	0	7/
1955	9.6	0	7/	0	8.5	0	0.2	0.8	0	7/
1956	23.6	7/	7/	0	22.7	7/	7/	0.4	0	0.3
1957	1.5	7/	7/	0	7/	0	0.2	0.5	0	0.7
Other										
1953	133.0	41.6	12.9	3.4	11.9	18.9	13.5	17.9	11.5	1.4
1954	137.6	41.6	7.2	3.8	19.6	19.7	15.0	18.8	10.6	1.3
1955	170.7	65.8	5.2	2.0	21.4	27.4	17.6	24.4	4.4	2.5
1956	199.2	67.0	9.9	3.4	31.8	22.1	19.3	28.8	8.4	8.5
1957	207.7	72.1	9.4	7.1	22.3	22.1	16.5	34.2	8.1	15.9

1/ Food grains: Wheat, rye, rice, and products.
2/ Feed grains: Barley, oats, corn, sorghum grains, and products.
3/ Fats, oils, and oilseeds: Mainly lard, tallow; cottonseed, soybean, and linseed oils; soybeans; and flaxseed. Essential oils excluded.
4/ Other animal products: Mainly meats, hides and skins, dairy products, and eggs. Animal fats and oils with fats, oils, and oilseeds.
5/ Private relief : Mainly dairy products, cottonseed oil, grains, and beans donated by CCC to private welfare agencies for distribution to needy persons abroad.
6/ Other commodities: Mainly feeds and fodders and field and garden seeds.
7/ Less than $50,000.

Source: Bureau of the Census reports FT 410 and FT 420; revisions since issuance are excluded.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 23-58
August 22, 1958

BRAZIL'S PRODUCTION AND TRADE POLICIES ENCOURAGE AGRICULTURE

Brazil stimulates agricultural production through a system of minimum support prices, provision of credit, encouragement of agricultural extension work, and discouragement of imports. Exports are promoted by upward adjustments in payments to exporters and by bilateral trade-and-payments agreements.

Agricultural output and acreage have responded with an overall increase for the past 10 years. In the next 2 to 5 years, production of grains, forage, rice, beans, and dairy, poultry, and meat products is expected to advance moderately, although the cotton crop probably will decline.

The level of agricultural trade depends on many factors outside the government's agricultural policies. One of the principal influences on the import side is the availability of exchange, and a major factor on the export side is the extent of foreign demand for Brazil's products. Wheat continues to be the most important agricultural import; coffee, cacao, and cotton remain the most important exports.

PRODUCTION POLICIES

Support prices.-- The Brazilian Government has a comprehensive minimum agricultural support-price system, including government purchases of commodities. Prices are set each year within the authority of the minimum-price law of December 19, 1951, which established a Production Financing Commission under the Ministry of Finance. These minimum support prices have been well under prevailing wholesale market prices for most commodities. Although the agricultural price-support program for 1958 under this authority has not yet been announced, it is assumed that there will be a continuation of price supports with generally upward adjustments.

Other government agencies also operate support programs. Coffee, wheat, rice, sisal, and jute have been the principal products affected by these price-support activities. Certain commodity organizations, semi-governmental in character, protect and encourage the particular commodity concerned. These have aided coffee, cacao, rice, wheat, tobacco, sugar, etc., and on July 2, 1958, a new Executive Commission was established for sisal.

In the case of wheat, the government does not offer to purchase the crop through a support arrangement, but the Wheat Expansion Service of the Ministry of Agriculture fixes a guaranteed price at which mills must buy all of the crop. The 1957-58 price was Cr$500 per bag in ports of the wheat-producing states. Although this was Cr$20 per bag more than the 1956-57 price, it actually represented a decrease for producers in the interior, where increased freight rates absorbed more of their margin. 1/

Rice price supports are made available by the semi-governmental Rio Grande do Sul Rice Institute as well as by the Federal Production Financing Commission. The Rice Institute buys rice at near- or equal-to-market levels. Current support prices, as yet unchanged from last year, are Cr$760 per 60-kilogram bag for medium-grain and Cr$750 for short-grain milled rice. 2/

The Production Financing Commission also purchased jute and sisal fiber in the latter part of 1957. The agency's 1958 purchases of jute up to July 1 were expected to total about 12,000 tons; it had already acquired 20,000 tons of sisal.

Private companies also finance crops to some extent by advancing credit to producers of needed raw materials. This applies particularly to corn, tobacco, oilseeds, barley, and oats.

For the 1957-58 coffee crop, the government supported prices by buying coffee and paying a premium on better grades ranging from 1 percent of export sales price (lowest grade) to 30 percent for the highest grade. Under this program, the Brazilian Coffee Institute purchased about 4.8 million bags of coffee from the 1957-58 crop.

The policy for the 1958-59 crop year (which began August 1, 1958) provides for an increase in the premium payments on coffee exports of from 7 to 30 percent above those of a year earlier, with the better export grades receiving the greatest increase. On the 30 percent of the crop purchased for domestic production, the support prices are reduced sharply from last year's level. In addition, the 10 percent of the crop that is poorest in quality will have a very low support price and is to be used only for fertilizer. Although the official export coffee rate remains Cr$37.06 to the United States dollar, the actual rate is sharply advanced by the increased premium payments on exported coffee.

1/ Brazil has a system of multiple exchange rates. The effective rate for wheat imports in 1957-58 was Cr$51.32 to the U. S. dollar for wheat imports not under Public Law 480; the rate is now Cr$58.82. Wheat has been imported under P. L. 480 at Cr$67 to the U. S. dollar.

2/ The exchange rate applicable to rice exports is Cr$92 to the U. S. dollar.

Agricultural credit.-- The administration's policy to promote agriculture shows up most notably in the expansion of agricultural credit in 1957. Almost 3 times as many new credits were granted to farmers from January through September 1957 as in the same period of 1956. Between October 1956 and September 1957 Brazilian banks loaned Cr$9.4 billion to farmers.

As the bulk of these loans to farmers is by the Bank of Brazil, its accounts best indicate how loans are distributed between types of production and purpose. Livestock, coffee, wheat, rice, and sugarcane account for the largest share of expanded credit. The cacao industry, although not a leading recipient of loans, had a striking increase in credit during 1957 compared with the previous two years. Loans for agricultural machinery, fertilizer, improved breeding stock, seed, storage facilities, and improvement of cultural and land-use practices are especially popular.

The sharp advance in agricultural loans in the past year reflects in considerable measure the success of the Bank of Brazil's plan initiated in September 1956 to finance food production through the banking network. Relaxation of the credit-restricting Instruction No. 135 (raising reserve requirements) for banks whose loans were 57 percent or more to agriculture has also been an important factor.

It is too soon to estimate the effect of this recent expansion of agricultural credit on production, but the new credits, plus related improvements in farm practices, very likely will result in expanded output and better quality in the years just ahead. Coffee, grain, and livestock production probably will be the first to show the benefit.

Agricultural extension.-- Agricultural extension work was intensified in 1951 through the technical assistance program of the International Cooperation Administration. The Escritório Téchnico de Agricultura (ETA)--the operating unit of ICA in Brazil--is now dedicating 60 percent of its efforts to extension work. Federal, state and municipal authorities are cooperating. Funds from such sources as the Bank of Brazil, the Ministries of Education and Agriculture, state agencies, and private industry are making this program possible. A major objective of ETA is to "enlist the combined resources" of all interested groups and agencies in improving agriculture.

The Associação de Crédito e Assistencia Rural (ACAR), wishing to extend educational services to other than farmer borrowers, has entered into an agreement with ETA for technical assistance. Twenty-six additional offices in 4 states were staffed in 1956. At the close of 1957, there were 145 county extension offices functioning in 10 states.

The extension work involves erosion control, soil-fertility improvement, control of the leaf-cutting ant (atta, spp.), animal hygiene, home improvement, food preservation and diet, child care, animal nutrition, farm-site improvement, and animal breeding (artificial insemination).

The resources devoted to development of agricultural extension services are small relative to Brazil's great area and needs. However, significant results in certain lines of production--particularly cacao and poultry--are expected during the next 3 to 5 years.

TRADE POLICIES

The quantity and source of Brazil's agricultural imports depend largely on the country's balance of trade, net capital transfer, and foreign exchange position. Agricultural items other than wheat, dry milk, seeds, and breeding stock are classified as relatively unessential and have a low priority among import requirements. This policy is rigorously enforced when, as now, the trade balance of commodities and services is negative and large transfers of capital are required to amortize earlier borrowings. Amortization remittances and interest payments totaled $234 million in 1957. These outlays, together with the cost of expanding imports, resulted in a reduction in Brazil's foreign exchange resources and the drawing against credit lines. The negative trade and service account balance for 1958 is unofficially forecast at more than $600 million. A prospective positive balance on capital movement account would leave a deficit of about $330 million to be made up by further borrowing or depletion of exchange reserves.

Tariff and exchange policy.-- The new Tariff Law (No. 3244), effective August 14, 1957, is designed essentially to protect national industry. It embodies significant increases in the statutory tariff duties for a wide range of products and it also establishes 2 import exchange categories (general and special) to replace the 5 categories previously in force. Exchange rates in these two categories are determined by exchange auctions.

With a few exceptions, the general category includes the first 3 categories of the old system, and the special category contains most items previously in categories 4 and 5--the so-called less essential or luxury goods. Agricultural products now in the general exchange category include: Breeding cattle, hogs, and sheep; baby chicks; hatching eggs; dry milk; flaxseed; unhusked barley and oats; alfalfa, hay, etc.; cigar leaf; seed potatoes; and dry peas. The principal agricultural imports in the special category are: Fresh fruits; butter; cheese; lard; cotton and soybean oil; and wheat. In the case of wheat, however, the government buys the wheat duty-free at the cost of exchange, as mentioned above.

Coffee: For the 1957-58 coffee crop, exporters received a premium amounting to 1 percent on each dollar exceeding $43 per bag of coffee exported. These payments raised the average effective export rate for coffee from Cr$37.06 per dollar on July 1, 1957, to Cr$43.58 in December 1957.

Brazil's new Minister of Finance announced in July of this year that the government will maintain its coffee policy and price support for the 1958-59 crop (see above) and that Brazil will cooperate with other producing countries in limiting exports. The plan for 1958-59 is to continue the retention system and liberate for export only 60 percent of the total crop. The government will acquire the remaining 40 percent, of which 30 percent will go into domestic consumption and 10 percent will be used for fertilizer. The coffee-purchase plan is to be financed entirely from "agio" earnings (exchange premium account) and, therefore, will not be inflationary, according to the Minister of Finance.

Sugar: In 1957, the domestic price of Brazilian sugar (in cruzeiros) was considerably higher than the world price. To stimulate the export of about 550,000 tons of sugar, the "agio" fund of the Bank of Brazil was used to pay an export premium equal to the difference between the two prices. Future sugar production will be taxed in order to repay the fund.

Cacao: The Bank of Brazil purchased 820,000 bags of cacao in 1957 in an effort to support the price at 31.60 U. S. cents per pound. In addition, a fund of Cr$1 billion from the agio fund was established to rehabilitate cacao culture.

Textiles: During 1957, textile exporters were granted a premium of Cr$36 per U. S. dollar above the fourth category rate of Cr$67, or a total of Cr$103. In addition, textile manufacturers were permitted to import modern machinery at an advantageous rate up to an amount equal to the revenue from textile exports.

Symbolic purchases and exports.-- From mid-1957 through June 1958, the Bank of Brazil carried out a system of so-called symbolic purchases and exports. The export rates necessary to stimulate the desired level of export were decided officially and paid to exporters. The level of the rates varied from commodity to commodity, and also from shipment to shipment. The average rate applied to these exports in 1957 was about Cr$61.40 per dollar. This type of encouragement to exports was important for several commodities, such as cotton, menthol, rosewood oil, Brazil nuts, tobacco, soybeans, balata, macaranduba wood, pineapples, oranges, hides and skins, piacava, mate, and mandioca starch. The method was used extensively in early 1958 but, as previously stated, was discontinued with the adoption of several new ordinances on June 10.

Trade Agreements.-- Brazil is a member of the General Agreement on Tariffs and Trade (GATT) and is now renegotiating its schedule with the other contracting parties to take account of the changes in the new tariff legislation. For some years, Brazil has also had bilateral trade and/or payments agreements with numerous countries, involving the exchange of agricultural products. Many of these agreements continue.

Agricultural imports through bilateral trade arrangements come predominantly from Argentina and Uruguay (wheat and deciduous fruits); Spain and Portugal (olive oil, fruits); Iceland and Finland (fish); and the Netherlands (dairy products). Brazil, in turn, exports to these countries coffee, cacao, fibers, citrus fruits, bananas, cotton, and timber. Brazil is a member of The Hague Club, or Area of Limited Convertibility, including the following European trading partners: West Germany, Austria, France, United Kingdom, Italy, and Benelux. Exports to this area declined by $50 million in 1957 as compared with 1956, whereas imports increased by $73 million.

PRODUCTION SITUATION

In 1957, agricultural production accounted for 28 percent of the national income compared with 26.6 percent in 1956. Crops made up 70 percent of the agricultural total, with livestock and extractive products making up 28 and 2 percent, respectively.

Total area in crops in 1957 showed a 3-percent gain over 1956. Coffee, beans, and corn led the acreage increase, with cotton, rice, and wheat acreages each declining somewhat. With the exception of the country's southern zone, weather was favorable for 1957 crops. Yields surpassed those of 1956 for most crops except wheat, coarse grains, and soybeans. Coffee, rice, and beans recorded the greatest yield advance.

Coffee acreage and yields have been strongly influenced by sustained relatively high prices over a period of several years. Also contributing to the increased output are improved production practices, including use of new early-maturing and high-yielding coffee tree varieties; increased fertilization; conservation; and greater care in harvesting. Coffee and wheat production changes 40 to 50 percent in a single year. This is because of frost and unseasonably heavy rainfall in the case of coffee, and disease and untimely rains for wheat. Cotton, corn, beans, and rice are subject to similar setbacks, but to lesser degree. Weather factors will undoubtedly continue to dominate the level of agricultural production from year to year.

Average annual prices paid to producers show a moderate, but general, upward movement in 1957 over 1956. Sisal and jute, together with certain fruits and nuts, show small price declines, and coffee the leading price advance. The lack of any substantial change in relative prices paid to farmers in the last 2 years reflects: (1) Steady government-support prices, particularly for coffee, wheat, cotton, and cacao; (2) moderate change in production and supplies relative to purchasing power and demand; and (3) inadequate price reporting.

TRADE SITUATION

Exports.-- The United States is Brazil's principal export market, taking more than half the country's coffee exports. For certain products--cotton and sugar, for example--the United States is only a minor market. The value of coffee exports dropped sharply between 1956 and 1957. So did that of cotton, sisal, oiticica oil, Brazil nuts, soybeans, and several other minor products. On the other hand, the value of castorseed and castor oil exports, pine lumber, cane sugar, frozen beef, and cocoa butter rose sharply. These increases, however, did not offset the decline in the predominant export--coffee.

Brazil: Exports of principal agricultural products to United States and/or principal markets and total exports, 1956 and 1957

	1956	1957
	Million U. S. dollars	
Coffee:		
Total	1,029.8	845.5
United States	612.8	498.1
Germany, West	59.5	47.0
Cacao:		
Total	67.2	69.7
United States	31.5	31.5
Germany, West	6.8	10.4
Cotton:		
Total	85.9	44.2
United States	0.1	0.2
Japan	22.8	21.5
Cocoa butter:		
Total	10.6	19.8
United States	1.3	3.6
United Kingdom	5.2	8.1
Brazil nuts:		
Total	13.6	9.9
United States	5.6	4.7
United Kingdom	6.1	4.1
Sugar:		
Total	1.6	45.9
United Kingdom	0	15.1
Castor beans and oil:		
Total	7.9	22.4
United States	4.9	12.0
France	1.6	4.0
Carnauba wax:		
Total	17.3	18.8
United States	11.7	12.9
United Kingdom	1.7	1.7

Imports.-- Agricultural imports declined slightly in value between 1956 and 1957. Wheat, mostly from Argentina, continues as the principal import. Imports of barley malt and breeding cattle declined, but imports of dry milk, olive oil, and fresh fruit increased.

Agricultural imports from the United States in 1957 held up well in general compared with those from other countries. Argentina continued to take the major share of the fruit market, even though the United States supplied some pears during the brief period of favorable dollar agio rates in September 1957.

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

Official Business

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Brazil: Imports of principal agricultural products from United States and principal suppliers and total imports, 1956 and 1957

	1956	1957
	-1,000 U. S. dollars-	
Wheat:		
Total	108,563	104,175
United States	40,057	35,457
Argentina	47,821	62,324
Barley malt:		
Total	10,715	9,176
United States	533	532
Czechoslovakia	1,922	2,084
Fresh fruit:		
Total	10,720	11,774
United States	38	128
Argentina	10,404	11,477
Breeding cattle:		
Total	1,558	1,374
United States	432	77
Uruguay	756	625
Dry milk:		
Total	6,505	6,715
United States	2,660	2,652
Denmark	3,840	4,028

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

FATP 24-57
November 1, 1957

GOLD AND DOLLAR ASSETS OF FOREIGN COUNTRIES AND THEIR IMPACT UPON U.S. AGRICULTURAL TRADE

From the viewpoint of U.S. agricultural exports, the most important changes in the world gold and dollar position of foreign countries during the 1956-57 fiscal year were:

(1) Increases--some of them exceptionally large--in the gold and dollar assets of some countries which had already been in an unusually strong financial position. This was especially true of West Germany, Canada, Venezuela, Switzerland, Portugal, Panama and the Union of South Africa. These increases should heighten the importance of these countries as dollar markets for U.S. agricultural products.

(2) Substantial further improvement in the exchange position of a number of other countries, especially Italy, Sweden, Norway and Austria. This also should facilitate sales of U.S. agricultural products.

(3) Dollar losses--some rather large--of important industrial countries, especially France, Japan, the Netherlands, Belgium-Luxembourg and the United Kingdom during the first quarter of 1957-58. With the exception of France, these losses have not, however, resulted in any appreciable tightening of import restrictions. Internal anti-inflationary measures may adversely affect these countries' import demand; moreover, most of these countries probably will strive to rebuild gold and dollar reserves.

(4) A large number of other, mostly less-developed countries, suffered dollar losses. There seems to be no early prospect of encountering fewer difficulties in developing U.S. agricultural dollar market in these countries.

Foreign Countries: Estimated Gold and Dollar Holdings, Public and Private

Area and Country	1953 June 30	1953 Dec. 31	1954 June 30	1954 Dec. 31	1955 June 30	1955 Dec. 31	1956 June 30	1956 Dec. 31	1957 p/ June 30
	Million U.S. dollars								
Continental Western Europe:									
Austria	172	246	300	341	337	332	322	371	384
Belgium-Luxembourg (& Belgian Congo)	1,050	1,107	1,065	1,054	1,121	1,211	1,233	1,239	1,144
Denmark	107	133	131	109	91	98	105	102	98
Finland	60	65	76	75	74	89	87	93	99
France (& dependencies) 1/	1,134	1,207	1,249	1,489	1,557	2,137	1,760	1,512	1,005 2/
Germany (Federal Republic of)	893	1,225	1,503	1,999	2,158	2,382	2,753	3,343	3,733
Greece	82	112	125	124	138	187	176	187	177
Italy	670	821	811	935	994	1,139	1,216	1,270	1,332 3/
Netherlands (& Netherlands West Indies & Surinam)	961	1,062	1,131	1,123	1,113	1,144	1,168	1,080	1,009
Norway	168	176	183	154	152	177	173	204	238
Portugal (& dependencies)	413	469	516	560	571	601	602	628	622
Spain (& dependencies)	137	153	145	191	228	224	209	163	145
Sweden	281	336	343	407	383	429	426	483	499
Switzerland	2,136	2,174	2,141	2,223	2,212	2,398	2,424	2,643	2,579
Turkey	152	157	151	152	156	153	151	164	158
Other 4/	798	891	1,008	951	1,246	882	1,118	927	1,177
Total	9,214	10,334	10,878	11,887	12,531	13,583	13,923	14,409	14,399
Sterling Area:									
United Kingdom	3,098	3,241	3,775	3,406	3,419	2,882	3,128	3,015	3,161
United Kingdom dependencies	114	112	110	107	106	92	86	107	100
Australia				186	204	219	243	191	188 3/
India	335	347	339	335	345	321	330	324	324
Union of South Africa	213	215	226	233	243	266	246	278	295
Other	373	376	376	181	187	217	215	242	253
Total	4,133	4,291	4,826	4,448	4,504	3,997	4,248	4,157	4,321
Canada	2,369	2,519	2,565	2,709	2,643	2,610	2,756	2,996	3,141

Latin America:									
Argentina	521	503	548	531	528	509	476	360	347
Bolivia	47	40	36	32	28	26	25	29	24
Brazil	453	425	419	444	444	468	542	550	468
Chile	129	122	104	113	137	139	148	138	131
Colombia	197	236	317	308	188	217	224	210	262 3/
Cuba	608	570	612	547	580	558	566	514	560
Dominican Republic	59	51	68	72	83	77	81	79	98
Guatemala	74	65	75	62	78	72	93	91	97
Mexico	344	345	264	395	423	560	527	604	509 3/
Panama	102	91	88	75	86	87	95	110	136
Peru	109	104	103	118	118	127	115	119	110
El Salvador	74	56	75	59	79	52	73	53	81
Uruguay	313	338	336	318	292	282	284	260	249
Venezuela	532	597	624	600	667	671	737	1,061	1,449
Other	162	135	150	145	150	139	168	125	152
Total	3,724	3,678	3,819	3,819	3,881	3,984	4,154	4,303	4,673
Asia:									
Indonesia	246	184	140	181	211	270	171	231	168
Iran	155	181	172	169	190	175	169	158	173
Japan	1,017	953	743	854	887	1,033	1,171	1,149	756
Philippine Republic	324	312	315	272	269	274	306	300	249
Thailand	311	281	243	236	244	251	254	261	280
Others	369	408	450	528	605	651	699	713	770
Total	2,422	2,319	2,063	2,240	2,406	2,654	2,770	2,812	2,396
Eastern Europe 5/	312	312	315	315	318	315	300	295	296
All Other:									
Egypt	229	217	226	221	224	246	236	238	246
Other	63	69	67	68	85	80	140	118	162
Total	292	286	293	289	309	326	376	356	408
Total Foreign Countries	22,466	23,739	24,759	25,707	26,592	27,469	28,527	29,328	29,634
International Institutions 6/	3,538	3,616	3,670	3,863	3,916	4,010	4,067	3,535	3,086
Total	26,004	27,355	28,429	29,570	30,508	31,479	32,594	32,863	32,720

p/ Preliminary
1/ Excludes gold holdings of French Exchange Stabilization Fund
2/ Does not include $286 million of gold loaned by Bank of France to the French Exchange Stabilization Fund on June 26, 1957
3/ Includes latest available figures for gold reserves, as follows: Italy (March 31); Australia (March 31); Colombia (October 31, 1956); and Mexico (April 30).
4/ Includes Yugoslavia, Bank for International Settlements (both for its own and European Payments Union account), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.
5/ Excludes gold reserves of the U.S.S.R.
6/ Represents International Bank for Reconstruction and Development, International Monetary Fund, and United Nations and other international organizations

Source: Federal Reserve Board

Global Developments

Political and economic developments greatly influenced the trend in the gold and dollar assets of foreign countries and international institutions during 1956-57. Predominant among them were world factors such as the Suez crisis, and growing inflationary pressures in many countries.

As a result of these developments, their balance-of-payments position vis-a-vis the United States deteriorated considerably.

	1955-56	1956-57
	(million dollars)	
(1) Foreign net receipts from transactions with the U.S.	1,785	311
(2) Foreign long-term investment in the U.S.	- 437	- 548
(3) As a result of (1) and (2) foreign gold and dollar assets increased by----	1,348	
decreased by----		- 237

In spite of the deterioration of their balance-of-payments position vis-a-vis the United States the total (private and public) liquid gold and dollar assets of foreign countries increased by $1.1 billion during 1956-57. This increase was made possible because the impact of their net spending in the United States of $237 million was offset by their accumulating probably around $300 million of newly-mined and U.S.S.R. gold, and by net drawings of $1.2 billion on the International Monetary Fund (IMF).

Changes in Principal Areas

The changes in the gold and dollar assets of the principal areas in 1956-57 have been as follows:

	Million dollars
Continental Western Europe	+ 476
Sterling Area	+ 73
Canada	+ 385
Latin America	+ 519
Asia	- 374
Others	+ 28
Total increase	1,107

United States: Balance of Payments with Foreign Countries, 1955-56/1956-57

	1955-56	1956-57p
	Million dollars	
I. Dollars paid by foreign countries for ---		
A. U. S. exports of goods and services 1/		
1. Merchandise	15,605	19,176
2. Services and other transactions	5,969	6,581
B. Foreign long-term investment in U. S.	437	548
C. Errors, ommissions and unaccounted (net)	292	1,161
Total dollars paid	22,303	27,466
II. Dollars received by foreign countries from ---		
A. U. S. imports of goods and services		
1. Merchandise	12,362	12,990
2. Services and other current transactions	4,108	4,401
B. Private capital outflow (net)	1,793	3,918
C. U. S. Government spending		
1. Offshore military and general expenditures	3,324	3,482
2. U. S. economic grant and loans	2,064	2,438
Total dollars received	23,651	27,229
As a result, foreign gold and liquid dollar assets increased --	1,348	
or decreased --		- 237

p/ Preliminary
1/ Excluding transfers of U.S. military supplies and services on a grant basis

Dollar Drawings on the International Monetary Fund, 1956-57

	Million dollars
Continental Western Europe	
Belgium	50.0
France	262.5
Total	312.5
Sterling Area	
United Kingdom	561.5
India	200.0
Total	761.5
Latin America	
Argentina	75.0
Bolivia	4.0
Ecuador	5.0
Honduras	2.5
Cuba	22.5
El Salvador	2.5
Nicaragua	1.9
Paraguay	.5
Total	113.9
Asia and Middle East	
Israel	3.8
Egypt	15.0 1/
Indonesia	55.0
Iran	19.7
Total	93.5
Total Drawings	1,281.0 1/
less repayments	55.0
NET IMF DRAWINGS	1,226.0

1/ Egypt drew $30.0 million from the Fund, however, $15 million consisted of Canadian Dollars.

Continental Western Europe: Total gold and dollar assets of Continental Western Europe increased in the first half of the fiscal year, but dropped in the second half. The drop would have been substantial if two countries of this area had not received IMF assistance. Within the area trends differed greatly. In particular West Germany's gold and dollar assets increased by 36 percent while France's declined by 43 percent.

Continental Western Europe: Gold and Dollar Assets, 1956-57

	Million dollars	
First half (July-Dec) increase		+ 486
Second half (Jan-June) loss	- 323	
IMF Drawings	+ 313	
Net loss		- 10
Net increase, fiscal year		+ 476

Continental Western European countries: Amount and changes of Gold and Dollar Assets, 1956-57

Country	Assets on June 30, 1957	Changes in 1956-57
	Million dollars	
West Germany	3,733	+ 980
Switzerland	2,579	+ 155
Italy	1,332 1/	+ 116
Sweden	499	+ 73
Austria	384	+ 62
Norway	238	+ 65
Portugal	622	+ 20
Finland	99	+ 12
Turkey	158	+ 7
Greece	177	+ 1
France	1,005	- 755
Netherlands	1,009	- 159
Belgium-Luxembourg	1,144	- 89
Spain	145	- 64
Denmark	98	- 7
Others 2/	1,177	+ 59
Total	14,399	+ 476

1/ Latest available gold reserves as of March 31, 1957.
2/ Includes also Bank for International Settlements and European Payments Union unpublished gold reserves

West Germany's gold and dollar assets increased more than those of any other country in 1956-57. It is now the largest foreign holder of such assets, having surpassed both the United Kingdom and Canada. Much of Germany's increase was accounted for by the receipt of $1.0 billion from the European Payments Union (EPU), in partial settlement of its EPU surplus with member countries. Germany continued to increase its gold and dollar assets and add to its EPU balance in the first quarter of 1957-58.

Sweden and Norway increased their gold and dollar assets through increased shipping earnings, which also resulted in EPU surpluses for these two countries.

Switzerland and Portugal further improved their already strong currency position. Italy by maintaining its internal stability was able further to increase its exchange reserves. Increased tourist receipts and a stable price level helped Austria to increase its gold and dollar assets. Greece also retained its favorable exchange position.

France's gold and dollar assets have declined sharply since the last quarter of 1955. The major part of the drop which occurred in 1956-57, can be attributed to gold and dollar payments of $670 million in settlement of the French EPU deficit. Although a drawing of $262.5 million in the second half of 1956-57 offset some of these losses, they still amounted to 42 percent of France's published gold and dollar assets. These losses continued during the first quarter of 1957-58.

The Netherlands, also losing substantial gold and dollar assets since the last quarter of 1956 due mainly to inflation and some capital movements, has since taken measures to strengthen its financial position. A decline of gold and dollar assets of Belgium-Luxembourg was due largely to an outflow of investment capital. In the second half of 1956-57 Belgium drew $50 million from the IMF.

Spain's gold and dollar assets declined during the year due primarily to a trade imbalance and inflation. In April 1957 Spain made adjustments in its exchange rate system.

Finland was able to maintain and even increase its gold and dollar assets, but its overall balance-of-payments position deteriorated. This caused Finland to devalue the Finnmark by 28 percent in September 1957. This action increased the Finnmark prices of imports by nearly 40 percent. Turkey also experienced a tight balance-of-payments situation, which, however, is not reflected in the level of its gold and dollar assets.

European Payments Union: Payment Stirpluses (+) or Deficits (-) for 1956-57

	First Half	Second Half	Total Deficit or Surplus	Gold and Dollar Receipts (+) or Payments (-) 1/
			Million dollars	
Austria	+ 12.6	+ 10.5	+ 23.1	+ 17.5
Belgium-Luxembourg	+ 65.9	- 36.8	+ 29.1	+ 21.8
Denmark	- 9.4	- 37.0	- 46.4	- 34.8
France	- 429.3	-545.9	- 975.2	- 669.5
Germany	+ 594.7	+762.1	+ 1,356.8	+ 1,017.6
Greece	+ 10.3	- 5.7	+ 4.6	+ 4.6
Iceland	- 2.3	- 1.4	- 3.7	- 2.7
Italy	- 27.0	- 72.2	- 99.2	- 74.4
Netherlands	- 13.9	- 19.0	- 32.9	- 24.7
Norway	+ 22.8	+ 14.8	+ 37.6	+ 28.3
Portugal	- 6.4	- 32.0	- 38.4	- 38.4
Sweden	+ 55.0	+ 55.9	+ 110.9	+ 83.1
Switzerland	+ 0.8	- 81.8	- 81.0	- 60.8
Turkey	- 1.1	- 37.1	- 38.2	- 38.2
United Kingdom	- 271.9	+ 36.2	- 235.7	- 176.8

1/ Does not include bilateral amortization payment which amounted to $143.8 million in 1956-57

Sterling Area: The pound sterling was under pressure during parts of the last fiscal year. Drawings on the IMF by the United Kingdom and India helped offset the resulting drain on the Sterling Area's gold and dollar assets, but pressures reappeared in the first quarter of 1957-58. This resulted in the adoption of strong additional financial measures for the defense of sterling.

Sterling Area: Gold and Dollar Assets, 1956-57

	Million dollars	
First half, (Jul-Dec) loss	- 653	
United Kingdom IMF drawing	+ 562	
Net loss		- 91
Second half (Jan-June) loss	- 36	
Indian IMF drawing	+ 200	
Net increase		+164
Net increase, fiscal year		+ 73

Sterling countries: Amounts and changes of gold and dollar assets, 1956-57

Country	Assets on June 30, 1957	Changes in 1956-57
	Million dollars	
United Kingdom	3,161	+ 33
Union of South Africa	295	+ 49
United Kingdom Dependencies	100	+ 14
Australia	188	- 55
India	324	- 6
Others	253	+ 38
Total	4,321	+ 73

The United Kingdom, after improving its exchange position in the last half of the fiscal year (1956-57), experienced large exchange losses in the first quarter of 1957-58. These losses were caused by wide spread speculation in expectation of a devaluation of Sterling and a revaluation of the Deutche mark. At the annual meeting of the IMF (September 1957), both the United Kingdom and West Germany made known their determination to maintain their present exchange rates. To check inflation and speculation, the United Kingdom raised the discount rate of the Bank of England from 5 percent to 7 percent and reduced public expenditures. Also they intend "to hold bank advances during the next year to current levels." Subsequently the pound sterling strengthened considerably.

India is having balance-of-payments difficulties due to the large import requirements of its economic development program. India drew $200 million from the IMF in the last half of 1956-57 to alleviate its exchange situation. Pakistan, Ceylon and Malaya are having tight balance-of-payments situations due largely to economic development programs.

Australia's exchange position improved during the past year due to large wool receipts. However, a large gold sale for pound sterling resulted in a drop in its gold and dollar assets.

Canada: The Canadian gold and dollar assets on June 30, 1957 amounted to $3.1 billion, an increase of $385 million since the end of June 1956. Most of this increase was accounted for by a large inflow of capital from the United States and Europe.

Latin America: The gold and dollar assets of Latin America increased by $519 million during 1956-57, due primarily to a large rise of Venezuela's reserves which by far exceeded the total dollar losses of a number of other Latin American countries. The losses of the others were due to inflationary pressures and lower export prices of agricultural and industrial raw materials. Several Latin American countries drew a total of $114 million from the IMF.

Latin America: Gold and Dollar Assets, 1956-57

	Million dollars	
First half (Jul-Dec) increase	+ 135	
IMF drawings	+ 20	
Net increase		+ 155
Second half (Jan-June) increase	+ 270	
IMF drawings	+ 94	
Net increase		+ 364
Net increase, fiscal year		+ 519

Latin American countries: Amounts and changes of gold and dollar assets, 1956-57

Country	Assets on June 30,1957	Changes in 1956-57
	Million dollars	
Venezuela	1,449	+ 712
Panama	136	+ 41
Colombia	262	+ 38
Dominican Republic	98	+ 17
El Salvador	81	+ 8
Guatemala	97	+ 4
Argentina	347	- 129
Brazil	468	- 74
Uruguay	249	- 35
Mexico	509	- 18
Chile	131	- 17
Cuba	560	- 6
Peru	110	- 5
Bolivia	24	- 1
Others	152	- 16
Total	4,673	+ 519

Venezuela's gold and dollar assets doubled during the fiscal year 1956-57. This sharp increase was the result of large receipts of U.S. oil and mineral exploration capital.

Colombia increased its gold and dollar reserves but its foreign exchange liabilities still remain very large.

Ecuador, which increased its gold and dollar assets by $8.0 million during the fiscal year, made a $5.0 million IMF drawing in the first half of 1956-57 and repaid it in the last half of that year.

Mexico's tight balance-of-payments position, especially in the second half of the fiscal year, resulting in a decline of its gold and dollar assets.

Argentina's trade deficit and the heavy financial burden of paying commercial arrears to Western European countries caused its gold and dollar assets to decline, in spite of a $75 million drawing on the IMF. However, $40.5 million of the decline was due to Argentina's gold contribution to the IMF and the International Bank for Reconstruction and Development (IBRD).

Lower coffee prices and inflation held Brazil's export earnings fairly static while imports continued to increase. As a result Brazil's gold and dollar assets declined. (All the decline was accounted for in the second half of the fiscal year).

Cuba increased its gold and dollar assets in the last half of the fiscal year 1956-57, but this gain did not recoup the losses experienced during the first half of that year.

Asia: Asia's total gold and dollar assets declined during 1956-57 because a loss of $416 million in the second half of that year more than offset the $42 million increase during the first half. Dollar losses by Japan and Philippine Republic were the main reason for the decline in Asia's gold and dollar holdings. IMF dollar drawings by two Asian countries amounted to $74.7 million the last fiscal year.

Asia: Gold and Dollar Assets, 1956-57

	Million dollars	
First half (Jul-Dec) loss	- 33	
IMF drawings	+ 75	
Net increase		+ 42
Second half (Jan-June) loss		-416
Net loss, fiscal year		-374

Asian countries: Amount and changes of gold and dollar assets, 1956-57

Country	Assets on June 30,1957	Changes in 1956-57
	Million dollars	
Thailand	280	+ 26
Iran	173	+ 4
Japan	756	-415
Philippines	249	- 57
Indonesia	168	- 3
Others	770	+ 71
Total	2,396	-374

The change from Japan's payments surplus to a deficit was brought about in large measure by import demands resulting from its investment boom. Exports increased during the year but the imports of food, fiber and other raw materials increased much faster. To arrest the downward trend of its gold and dollar assets, Japan took important fiscal and monetary measures. Also, Japan received an Export-Import Bank line of credit of $175 million (for purchases of U. S. agricultural products) and made an IMF drawing of $125 million in the first quarter of 1957-58.

The dollar losses of the Philippine Republic were caused by the trade impact of inflationary pressures related to its development program. Indonesia's balance-of-payments difficulties continued, but its dollar losses were mitigated by a $55 million drawing on the IMF.

Thailand increased its gold and dollar assets. Iran, after drawing $20 million on the IMF, ended the last fiscal year with a slight addition to its gold and dollar holdings.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 25-58
September 29, 1958

MOROCCO'S AGRICULTURAL POLICIES AND PROPOSALS

In developing its national agricultural policy, the government of Morocco appears to be faced with 2 primary needs. One is to implement reform measures which can show results within a year or two. The other is to develop a long-term program which may not prove beneficial for several years. Programs now being emphasized stress short-run objectives.

A major problem is in under-employment of more than 75 percent of Morocco's population who attempt to make a living in agriculture, most of them under the handicap of very primitive farming methods. More than 80 percent of Moroccan farmers work less than 10 acres, and produce mostly cereal crops requiring little labor. The types of crops produced lend themselves to mechanization, and the soil and climate are such that mechanization is practically necessary if production is to be increased. However, this approach cannot be undertaken economically because individual farms are too small to use much heavy equipment.

In the cities and town unemployment is excessive; farmers who leave rural areas find difficulty in placement in industry.

The government thinks it should influence farmers to stay on the farms, and that the under-employed should be put to work producing more food. In brief, the first aim of the national agricultural policy is to raise the standard of living of farmers through better use of man power. Officials expect the number of farmers to remain stable, but the mechanized farming methods, while increasing food production, will tend to force some farmers off the land.

Note: This report covers only the former Southern Zone (that part of Morocco which was under the French Protectorate). The official exchange rate in effect was 420 Moroccan francs to one U. S. dollar.

I. Agricultural Trade Regulations Affecting the United States

In general, the intent of the Moroccan government in directing its trade is to conserve exchange, particularly dollars, and to reduce trade dependence upon France. Moroccan imports, particularly capital goods, have been decreasing since 1953. Total imports in 1957 were over $26 million less than in 1956, while exports were down only about $2.6 million.

Tariffs.--There was a general revision in import duties in June 1957, when Morocco obtained freedom, to change from the 12.5 percent ad valorem rates imposed by the Act of Algeciras. Further modifications were announced in October 1957 and again in May 1958. Under the new schedules duties range from 2.5 to 50 percent, with some commodities on the free list.

The present tariff schedule was designed to reduce imports of non-essential goods, and to protect and encourage certain industries. To accomplish this second objective, rates on some raw materials were reduced and those on finished products increased. For example, the duty on raw cotton and raw wool is now 2.5 percent ad valorem, while the duty on cotton and woolen goods is 25 to 30 percent. The rate on carpets is fixed at 50 percent. With this regulation, the government expects some expansion in textile manufacturing and an increase in imports of raw cotton.

Quantitative Controls.--All foreign exchange is allocated to Morocco by the Exchange Stabilization Fund of the franc area, then to individual importers by the Moroccan Office of Exchange Control (Office des Changes). In order to regulate the volume of imports, and to a certain extent control the source of supply, importers are required first to obtain the necessary foreign exchange for a proposed import (in practice syndicates often obtain the exchange for their groups and allocate it to members), and an import license from the Moroccan government.

Importers or exporters of cereals must obtain permits from the Office Cherifien Interprofessionnel des Cereales (OCIC) before engaging in any foreign transaction. If necessary, OCIC pays a subsidy to assist in an export, and collects a fee on imports to equalize the difference between purchase and interior prices.

Imports and exports of tobacco and tobacco products, except small purchases for private use, are made by the tobacco monopoly, which has a concession from the government running until 1967. Edible oils and oilseeds are imported by a syndicate which resells the oil or oilseeds to its members for processing. Most other imports are made by more or less tightly controlled syndicates.

Bilateral Agreements.--The Moroccan government apparently considers bilateral trade agreements with exchange controls to be major weapons in reducing the import balance and diversifying trade - thereby lessening dependence on France. Some 30 bilateral agreements have been negotiated during the past year and others are in process. Many of these consist of renewals or revisions of former agreements effected by the French

under the Protectorate. The agreements usually run for one year and list commodities which Morocco is willing to export. While varying in the extent of commitments made, the agreements are customarily so drawn that Morocco agrees to provide the foreign exchange and licenses for imports and to provide the exports if the commodities are available.

Difficulties are sometimes encountered when importers are unwilling to take up the foreign exchange allocated for the amount of the imports specified. In some instances the government agrees to exports far beyond the facilities of the country to provide. It seems in certain other instances that Morocco negotiates these agreements to balance its trade bilaterally with countries supplying key commodities. For example, one of the important imports coming into Morocco is tea from Communist China; through its trade agreement with that country the Moroccan government has agreed to export domestic products in quantities which should balance this account.

Export Subsidies and Other Aids or Deterrents to Exports.--To uphold the reputation of Moroccan products sent abroad, all exports of agricultural commodities are subjected to the Office of Export Control where the products are inspected for conformity to government standards. During years when production is insufficient for domestic requirements, the government may refuse to authorize exports as, for example, in 1957 when, following a drought, the government briefly embargoed all grain exports.

Since the Moroccan internal price for grain is usually higher than the world price, grain exports are subsidized by OCIC to bring the export price in line with markets where Morocco sells its surplus. Exports of sardines are subsidized indirectly, since sardine canning plants receive certain subsidies from the perequation fund on imports of edible vegetable oils.

II. Internal Market and Price Regulation

Fixed or Support Prices.--No long-term program for price support has been developed. For the 1958 wheat and barley crops, the price of soft wheat was fixed at a lower figure than the previous season. Support prices have been announced for durum wheat and barley (barley was not supported last year). In determining the level of price support OCIC, which carries out government price support or price fixing programs for cereals, considers production costs and any unusual factors which may have affected production. Since the support price is not known until after the wheat has been sown, and in many years not until after the harvest, the specific price in any one year can have little effect on the volume of production. Since much wheat is consumed by the growers, price support has little interest for many of them.

Producer prices for tobacco are fixed annually by a committee on which the tobacco monopoly and the producer are represented. Retail prices of tobacco are fixed by the monopoly.

Prices for linseed are supported under an agreement with the French Societe Interprofessionnel des Oleagineux Fluides Alimentaires, which guarantees a price to the exporter, who in turn pays a fixed price to the producer. The price of imported vegetable oils is the same to all refiners through an equalization fund. Wholesale and retail prices of refined oil are also fixed.

The price of sugar is fixed by the government. The margin on imported foods and domestically produced fruits, vegetables, and meat are fixed by the governors of the cities and by local officials in the rural areas. Food retailers must display the price paid for their products, as well as the selling price.

Market Regulations.--The marketing of cereals is strictly controlled by OCIC. Grains entering commercial channels are handled only by firms licensed and supervised by this organization, which also fixes the price of wheat to the mill, storage rates, flour prices, and prices for some types of bread.

While deliveries of grain are not compulsory, the government has authority to preempt certain stocks of grain under some circumstances and can require the holding of security stocks. There are now about 280 licensed grain merchants who buy grain, condition it, and sell it to government-regulated industrial flour mills. The maximum milling quota of wheat for each mill is based on the needs of the area it serves. The mill is thus assured by OCIC of a supply of wheat at a fixed price; however it cannot expand operations without permission from OCIC.

The Regie du Tabac is the only purchaser of tobacco and no farmer can produce the crop without a contract with this monopoly.

Direct Subsidies.--Direct subsidies on fertilizers and seeds are provided by the Ministry of Agriculture. Under "Operation Plow" the participating farmer receives fertilizer free of charge during the first year. Under the credit program, farmers receive certain selected seeds at about one-fifth less than the market price. In addition, credit is provided to a limited extent at 3 percent interest, which is below the prevailing rate elsewhere.

Direct assistance to producers of olives is given in the pruning and regeneration of old trees. In addition producers are offered young trees by nurseries either free or at a nominal charge. Although now under "Operation Plow" a farmer can have his land plowed for about $6.00 an acre, charges for custom plowing on a comparable basis are not available. Anyway it would be practically impossible for a small farmer to have custom plowing on his small holding without government help.

Production Regulations.--There is little direct control of agricultural production in Morocco. However, the government strictly limits production of grapes. Permission to plant vines is granted only on condition that the total area on the farm planted in vines does not exceed 37 acres. The amount of wine one producer may sell is limited by quota.

Production of tobacco is limited to the amount required by the Regie du Tabac. The monopoly contracts with growers for a certain acreage each year and furnishes the seed. Since there is no other source of tobacco seed and no other market for the crop in Morocco, acreage is effectively controlled. At current prices, producers would like to expand production but the Regie would be unable to dispose of more tobacco in the country and would find it difficult to export an additional quantity without a subsidy.

III. Development Plans, including Agrarian Reform and Land Reclamation

2-year Development Plan.--Although not finally approved by the government, a recently published tentative development plan for 1958-59, said to be the forerunner of a more elaborate program for 1960-64, calls for the investment of over $213 million, distributed as follows:

Agricultural Development	41
Irrigation and Hydroelectric Development	33
Power, Industry, Commerce	14
Communications	32
Low Cost Housing	36
Cultural and Social Development	30
Administration	19
Miscellaneous Development	8
Total	213

Resources available within Morocco, including a loan for the biennial plan, total about $74 million, leaving nearly $140 million to be obtained from foreign loans.

Specific programs to carry out the agricultural objectives include soil conservation, reforestation, "Operation Plow", livestock improvement, irrigation, and the expansion of cold storage facilities for milk products.

"Operation Plow".--A project for rural development was first undertaken during the Protectorate in 1945. At that time a number of centers for community development were set up throughout the country. An agricultural officer was stationed at each center to advise local farmers on cultural practices, custom plowing was done and some portions of the land were farmed on a cooperative basis.

Reorganized and reoriented in 1957, "Operation Plow" is directed toward the problems of the majority of Moroccan farmers who cultivate their holdings in the traditional manner with donkeys, oxen and camels. Breaking the soil in the fall before a heavy rain is impossible with the small wooden plows or other implements now used. Thus fall sowing cannot begin until after

the first rains, and often the beneficial effects of these rains are lost. Tractors cannot be used satisfactorily on such small farming units. To overcome this problem and still leave farmers the privilege of managing their own uneconomical parcels of land, groups are organized around work centers (Centre des Travaux) and management committees elected from the members. To date 67 work centers have been set up, and 28 more are to be put in operation during 1958-59. Participation in the plan is voluntary, but the inducements are such that most farmers can ill afford not to accept the offer.

Summarized, the aims of the program are to:

1. Plow the land of the small farmer at a period of the year when he is frequently unable to plow with his own equipment and draft power. (With heavy tractors, plowing can be done before the first rains. The government provides the tractor and does deep plowing for a fee of about $6 an acre the first year).

2. Extend the use of fertilizers as one of the important factors for better yields (free fertilizer is provided).

3. Provide selected seed through seed loans to farmers as a second factor for better yields.

4. Extend the use of modern small equipment to replace inefficient traditional tools.

5. Extend crop rotation practices and at the same time regroup fields into rational crop patterns, rendering "Operation Plow" more effective.

6. Organize cooperative groups to carry on the work started by the government, thus eventually relieving the Moroccan government of the burdens of operation, capital investment, and subsidy.

Current plans call for plowing nearly 900,000 acres by use of 1,000 tractors at a total estimated cost of about $8.3 million in 1958, and later to cover some 2.5 million acres. The optimistic hope is that through this program cereal yields per acre may be doubled.

Since "Operation Plow" provides an opportunity to counsel farmers, production undoubtedly will increase. Whether the increase will apply to productivity-per-man is not evident. The farmer working 10 acres or less is not now fully occupied. With his plowing done on a custom basis his cash expenses will increase, but at the same time he may not have the opportunity of using the time formerly spent in plowing in doing other productive work. If the plan to improve rotation by the introduction of row crops is successful, the farmer's time may be utilized to his economic advantage and productivity increased.

Soil Conservation.--The Moroccan government intends to continue to expand the soil conservation program begun 7 years ago. This program is designed to preserve the soil now eroded by centuries of overgrazing and cropping on hillsides; prevent further flood damage, and, by increasing production, render it less likely farmers will abandon their farms.

The conservation program provides for construction of broad terraces in hilly areas, reforestation and sowing grass seed, and the construction of small dams. Some marginal land for cereal production has been sown to grass, which will make more grazing available. In some areas fruit trees, particularly olive, apricot, and fig, are planted on these terraces. This provides additional work as well as more food for the local population. Windbreaks are under construction to save the soil in the forage areas. During 1958 it is planned to protect about 42,000 acres of cropland and to plant trees on 10,000 acres.

On individual or tribal lands, costs of the projects are to be repaid in part by the owners or tribe over a period of years. The money received is to be held in a revolving fund for use in later projects. Public funds are used to pay for flood control and reforestation measures. The total estimated cost for 1958 is $2.2 million, or about 7 percent of the total agricultural and irrigation budget under the Special Equipment Budget for that year. The International Cooperation Administration provided financial assistance for the program in 1957, and has been requested to assist in 1958.

Livestock.--Very little has been done in the field of grassland management, but the government hopes to start in this work during the current year. Only a small amount of forage is kept for feeding during the dry period. As a result, it is estimated that 25 percent of the livestock die during the fall months because of lack of feed. Government plans for expansion of livestock production include: (1) establishment of 12 forage centers where feed will be stored for use during the period when grass supplies are inadequate; (2) encouragement of better pasture management by a program of range seeding, planting spineless cactus, particularly in the south, and the control of grazing in other areas to permit re-establishment of pasture; (3) building additional livestock breeding centers, to improve the quality of horses, mules, sheep and cattle.

However, at least one native Moroccan practice must be changed if livestock production is to be improved. Because of custom and suspicion farmers tend to keep part of their wealth in the form of livestock. This accumulation of animals results in poorly conditioned herds.

Irrigation.--The Moroccan government is continuing a long-term program to increase the water supply. Irrigation has been practiced for centuries by the simple diversion of water from streams or by pumping from wells. In 1926 a large scale program for dam construction was begun. So far 4 major dams have been constructed and over 600,000 acres irrigated. Approximately 160,000 acres are in the major irrigation area. Plans call for the irrigation of an additional 865,000 acres during the next 20 years.

The 4 major projects under development are:

	Total area of project 1,000 acres	Area developed to date 1,000 acres	Additional area to be dev. in 1958 1,000 acres
Beni Moussa	198	59	13
Oued Beth	82	58	3
Abda Doukkala	284	25	3
Moulouya (Triffa)	160	17	5
Total	724	159	24

The Ministry of Public Works is in charge of the actual construction of the irrigation works, with the Ministry of Agriculture responsible for land classification, water use, and guidance on land use. Farmers using irrigated land pay an annual fee for water and maintenance of the irrigation works, in addition to an annual fee payable to the government for amortization of the cost of the original works. Private irrigation schemes in Morocco are not permitted to compete with public projects.

This irrigation program, if continued, should help to expand materially agricultural production in Morocco. About 2.2 million acres could be irrigated. While the choice of crops to be grown will naturally vary over a period of time, it is expected that forage crops, such as alfalfa, will be produced as well as cereals. Cotton and citrus production will undoubtedly be increased.

Land Consolidation.--The Ministry of Agriculture makes use of a land consolidation project in irrigated areas. Under the program land owners or tenants having non-contiguous parcels of land are required to exchange them for land belonging to other farmers. In this way holdings may be consolidated into economic units for use of canal irrigation water. For purposes of consolidation each type of land is assessed and exchanges are made on a value for value basis. In these large irrigation projects each farmer is required to give about 10 percent of his land for canals and roads; this is arranged at the time of exchange of land.

About 150,000 acres have been consolidated, and the Ministry considers consolidation of about 25,000 additional acres each year essential to the functioning of the irrigation systems. Officials report no objections from the farmers.

IV. Other Aids to Agriculture

Credit.--The Moroccan government has not yet developed a program to provide adequate credit to farmers. The lines along which such a plan might be operated are not clear.

Many farmers operate almost entirely on a subsistence basis. Most of the little credit now used is in the form of loans from government-sponsored agencies. The total presently loaned out by these organizations is about $12 million.

Farmers now obtain credit through 3 principal agencies. The Societes de Credit Agricole et de Prevoyance (SOCAP) are of first importance. Most of the loan funds disbursed by the 68 societies of this organization are obtained from the government through the Caisse Centrale de Credit et de Prevoyance. Operational funds accrue from an 11-percent tax levy on all tax-paying farmers. These farmers do not own stock in the societies, but merely contribute to them and under certain circumstances may borrow from them. Short-term loans, limited to about $300 per farmer, are made for production expenses, principally for seed. Longer term loans from 1 to 5 years may be granted for the purchase of equipment, but may not exceed $600 each. In 1956-57 some $7.7 million were used for short-term loans; long-term loans totaled about $750,000.

Seven regional banks (Les Caisses Regionales d'Epargne de Credit), organized in 1937, make loans to farmers, to artisans, and for construction of houses. These banks are permitted to make short term loans to farmers up to about $1,800, or longer term loans up to $6,000. Usually loans are made against real estate mortgages with interest rates at 4 and 5 percent, depending on the size of the loan. Primarily the banks provide credit for the larger and more prosperous farmers. In 1955-56 their short term loans totaled over $1 million.

La Caisse Federale de la Mutualite et de la Cooperation Agricole, which obtains its loan funds from the government and the State Bank of Morocco, has made short and medium term loans at 5 percent interest, principally to European farmers since 1930. Formerly, by obtaining a real estate loan from another credit agency for 60 percent of the purchase price of a farm, and the balance in the form of a loan from this agency, a European farmer could buy a farm entirely on credit. The government recently decreed that long-term real estate loans by this bank can be made only to Moroccan farmers. In 1955-56 short-term loans amounted to $1.5 million and medium term loans totaled about $190,000.

Taxes.--Taxes on land are levied according to a graduated scale based on the type of crop produced and the average yield per acre. Fruit trees are taxed by the tree, according to the yield. Farm animals are taxed by the head. While formerly these taxes were levied only on farmers who were not following advanced methods of culture, now all farmers are required to pay. As a special concession, farmers receive a small rebate per gallon on gasoline and diesel fuel used in agricultural operations.

Research.--The Centre de Recherches Agronomiques de Rabat at Rabat, the principal state supported organization carrying on general agricultural research, has 4 experimental farms and 10 regional stations located throughout the country. This institute is responsible for general research in soils and crops, as well as food technology.

The Center for Research and Experimentation in Agricultural Engineering at Rabat studies the problem of mechanizing agricultural production and problems of irrigation. It has a station at Tadla, and another near Marrakech. Studies on the preservation of foods are done in a special laboratory at Casablanca. The Laboratory for Livestock Research at Casablanca specializes in bacteriology, vaccines, and biological chemistry. In the Institute of Animal Biology at Rabat, work is carried on in foot-and-mouth and other virus diseases.

There are 6 experimental farms for research in animal genetics and animal feeding. An Institute for Forest Research is maintained for the study of forest improvement. In addition to the work done by these institutions, some members of the teaching staffs of the agricultural schools have research responsibilities in connection with their teaching programs.

Investment in research facilities is estimated to approximate $5 million, with about $600,000 spent annually to carry on the work. The principal difficulty is the lack of trained workers. With the exception of directors, nearly all technicians in these institutes are French, and for the present the high quality of work done by the institutes can only be maintained by these foreign workers. Since there are no schools in Morocco where research training in agriculture is offered, it seems likely that for some time to come Moroccans will go to France to obtain the necessary advanced training.

Agricultural Education.--In the attempt to reduce dependence on French technicians for carrying on extension and research, the Ministry of Agriculture and the Ministry of National Education have planned a program of education. Under the program it is hoped that more trained Moroccan workers will become available for advanced work in the improvement of agriculture. While Morocco has schools for agricultural training, the lack of preparatory training makes recruitment of students difficult. Furthermore, it is possible for a young Moroccan with some education to find employment in one of the government services, without having to spend the time necessary to complete specialized studies.

Supported by the Ministry of Agriculture, Morocco's only college of agriculture, the National School of Agriculture of Meknes, provides a 3-year course leading to the degree of Agricultural Engineer. In the first 2 years students study general agriculture and in the third year specialize in some field of study and do practical work on the school's 568-acre model farm. Graduates from this school are considered qualified for the higher technical positions in the Ministry of Agriculture, or may take positions in semi-public agencies such as L'Office Cherifien Interprofessionnel des Cereales, or the Regie du Tabac. The current enrollment numbering 25 students is exclusively Moroccan.

The Ministry of Agriculture maintains 3 regional schools for students just below the college level. These are the Schools of Agriculture at Ellouisiz and Souilah and the School of Horticulture at Sidi Aissa which prepare their graduates for technical jobs in the government or in the management of farms. In addition, the Ministry of National Education in the College of Kenitra, the College of Moulay Yousef, and the College of Meknes provide training in what is referred to as "rural engineering." The Ministry of Agriculture also maintains a School of Forestry at Sale for instruction in forest management.

Below these levels of instruction are 4 regional centers of agricultural education, each offering practical training in agriculture and the handling of machinery to about 25 young men between the ages of 15 and 16 years who have finished primary schools.

The better students are permitted to enter either the agricultural school at Fourat, or the School of Mechanics at Rabat. It is from the former school, which offers one year of practical training in agriculture, that the Ministry of Agriculture hopes to recruit extension agents. Candidates for the 4 regional schools are chosen by examination and certificate from primary schools. This year about 600 students applied for admission; it is expected that next year 182 students will be enrolled.

In addition to providing schools within Morocco, scholarships are given to a few young men for study at schools of agriculture in France, and there is the further opportunity for some to spend one month in France observing farming and visiting French schools of agriculture.

<u>Extension</u>.--Morocco's Extension Service is limited to about 150 field agents and perhaps twice that number in the work centers. These field men deal directly with the farmers. It is hoped that when the educational institutions begin to provide better trained Moroccans, the service can be expanded so that up to 2,000 agents will be available to give farmers advice on all phases of agricultural management. With its present limited number of workers, the Extension Service can do little more than encourage the use of selected seed and fertilizer.

<u>Foreign Assistance to Agriculture and Trade</u>.--At the request of the Moroccan government, a Food and Agriculture Organization mission was sent to Morocco in early 1957 to study the effects of the drought and report on the gravity of the problem and the estimated needs of the country for external help in repairing the damage. A FAO technical mission sent to assist the government in improving its agriculture provided technicians to make special studies on the production, or possibility of producing, rice, citrus fruit, tea, sugar and olives. Studies have also been made on inland fisheries, the use of small agricultural implements, and the marketing of animal products. The mission's findings are now under review by Ministry of Agriculture officials.

The U. S. Operations Mission, Food and Agriculture Division, has studied a number of proposals of the Ministry of Agriculture for financing agricultural projects, and in the fiscal year 1957 approved soil conservation, locust control, irrigation plans, and programs for improving agricultural methods which totaled about $10 million. Further assistance has been requested for fiscal year 1958 on a wide range of projects. The USOM is also considering a technical assistance program for Morocco. The extent of aid which Morocco is receiving or will receive from other countries is not known precisely. In the past, France has provided funds to finance part of the Equipment Budget, since Morocco is unable to support more than a small part of these expenditures. But the extent to which France will continue to assist Morocco is unknown.

V. Policy on Cooperatives

The Moroccan government has recently emphasized its interest in having farmers form cooperatives, but it is not clear whether these are to be marketing cooperatives or cooperative farms. Under "Operation Plow" the Ministry plans to have participating farmers form cooperatives to take over the machinery and operate the projects. At present it seems that the cooperatives would operate machinery pools, doing custom work for members, but the plans have not been fully developed. A series of announcements on cooperation is expected.

FOREIGN AGRICULTURE CIRCULAR

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

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U.S. AGRICULTURAL TRADE WITH WEST ASIA AND AFRICA 1/

U.S. agricultural exports to Western Asia rose to $129 million in 1957, an increase of $15 million over 1956. Because of a substantial decrease in shipments to Egypt, U.S. agricultural exports to Africa declined from a record high of $121 million in 1956 to $83 million in 1957.

Table 1. U. S. Agricultural trade with Western Asia and Africa, average 1950-54, annual 1955, 1956, and 1957

	Exports				Imports			
	Agr.	Non-agr.	Total	Percent agr.	Agr.	Non-agr.	Total	Percent agr.
West Asia:	Mil. dol.	Mil. dol.	Mil. dol.	Percent	Mil. dol.	Mil. dol.	Mil. dol.	Percent
Average 1950-54	53	279	332	16	90	145	234	38
1955	100	332	432	23	100	239	329	30
1956	114	375	490	23	103	271	374	28
1957	129	413	542	24	100	232	332	30
Africa:								
Average 1950-54	70	444	513	14	329	226	555	59
1955	84	503	587	14	341	273	614	56
1956	121	531	652	19	313	273	587	53
1957	83	598	681	12	329	259	588	56

1/ Data for years prior to those given in this publication can be obtained in FAS-M-23, published August 1957 by the Foreign Agricultural Service under the same title.

Table 2.--U.S. Agricultural exports, value by country, Western Asia and Africa, Average 1950-54, annual 1956 and 1957

Country 1/	Agricultural 1950-54 Average	Agricultural 1956	Agricultural 1957	Total 1950-54 Average	Total 1956	Total 1957	Percent agr. of total 1957
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	Percent
Western Asia							
Turkey	3,494	35,792	58,538	65,414	108,934	138,885	42
Israel	32,573	47,508	45,359	86,700	92,776	93,439	49
Saudi Arabia	6,639	7,531	8,168	59,586	74,348	68,841	12
Iran	877	9,573	6,213	30,280	76,360	82,827	8
Lebanon	6,178	9,697	4,890	25,911	35,557	40,177	12
Kuwait	279	785	1,654	10,393	30,647	38,787	4
Jordan	606	717	1,156	2,448	4,678	6,632	17
Iraq	606	780	1,107	21,203	36,404	40,013	3
Syria	819	1,000	971	16,138	17,800	17,731	6
St. of Bahrein	317	876	854	8,542	7,945	7,439	12
Others	505	213	194	5,150	4,079	7,062	3
Total	52,883	114,472	129,104	331,771	489,528	541,834	24
Africa							
Morocco 2/	4,816	9,957	14,558	43,588	46,253	46,963	31
Egypt	22,223	48,527	13,447	57,261	96,568	40,080	34
U. of So. Africa	13,238	13,039	11,683	203,073	260,069	284,708	4
Nigeria	4,839	6,869	7,789	8,935	12,455	17,843	44
Belgian Congo	3,285	4,389	5,617	55,610	57,313	58,484	10
Ghana	4,159	4,206	5,504	7,250	8,271	8,719	63
Tunisia	659	5,741	3,615	6,628	9,432	6,927	52
Fr. W. Africa	615	5,557	3,559	11,611	18,687	18,449	19
Algeria	4,005	6,449	3,452	17,449	19,143	27,081	13
Liberia	1,254	2,526	3,122	33,878	30,381	59,606	5
Libya	262	2,547	2,226	586	7,729	13,989	16
Fed. of Rhodesia and Nyasaland	266	1,077	1,790	9,422	15,552	20,114	9
Canary Islands	2,574	2,986	1,477	4,191	5,693	5,495	27
Angola	1,039	1,260	968	9,482	15,158	14,976	7
Br. West Africa	329	533	749	743	1,519	2,224	34
Mozambique	967	423	486	10,860	7,566	8,933	5
Cameroons	168	294	333	4,468	5,267	4,515	7
Others	4,808	4,521	2,679	27,979	34,872	41,772	8
Total	69,506	120,901	83,054	513,014	651,928	680,878	12

1/ Listed in order of agricultural trade for 1957. 2/ Includes Tangiers.

Exports: Turkey and Israel took 80 percent of all U.S. agricultural exports to Western Asia in 1957. Shipments to Turkey reached a record high of $59 million, about $23 million above the previous year. About three-fourths of U.S. agricultural shipments to Africa went to 4 countries - Morocco, Egypt, the Union of South Africa, and Nigeria. With the exception of the $35 million decline for Egypt and the $5 million increase for Morocco, there was little change from the previous year in the value of U.S. farm exports to other African countries.

Grains and preparations accounted for 51 percent of all agricultural exports to Western Asia and Africa in 1957; fats, oils, and oilseeds made up 17 percent; tobacco 7 percent; cotton 6 percent; and dairy products 3 percent.

Imports: U.S. agricultural imports from Western Asia were valued at $100 million in 1957 compared with $103 million in 1956. Chief suppliers were Turkey, Iran, and Iraq from which the United States received mostly tobacco and wool. At the same time Africa exported to the United States agricultural products valued at $329 million, about 68 percent of which consisted of cocoa-beans, coffee, and tea.

Table 3.--U.S. Agricultural exports by major commodity groups to countries of Western Asia and Africa, average 1953-55, annual 1956 and 1957

Country and calendar year	Grains and preps.	Cotton unmfd.	Fats, oils, and oil-seeds 1/	Tobacco unmfd.	Dairy products	Relief and charity items 2/
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Western Asia:						
Turkey:						
1953-55	9,448	0	1,310	3	14	92
1956	21,661	0	4,765	0	7,213	78
1957	41,959	30	7,561	0	225	72
Israel:						
1953-55	14,041	2,844	5,254	155	5,031	8,018
1956	24,786	2,786	7,017	213	3,078	1,455
1957	25,425	2,042	6,922	305	1,591	1,490
Saudi Arabia:						
1953-55	5,182	0	35	0	277	3
1956	5,417	0	50	0	349	21
1957	6,260	0	58	0	195	0
Iran:						
1953-55	602	0	487	0	171	307
1956	5,633	0	317	0	2,792	545
1957	4,639	0	512	0	462	115

Table 3.--U.S. Agricultural exports: By major commodity groups to countries of Western Asia and Africa, average 1953-55, annual 1956 and 1957.

Country and calendar year	Grains and preps.	Cotton unmfd.	Fats, oils, and oil-seeds 1/	Tobacco unmfd.	Dairy production	Relief and charity items 2/
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Lebanon:						
1953-55	3,932	9	256	8	2,742	1,277
1956	5,312	776	209	51	2,698	24
1957	2,041	554	209	121	1,022	117
Others:						
1953-55	1,107	9	355	822	374	425
1956	1,039	0	1,033	527	452	163
1957	1,571	6	827	672	1,048	223
Total West Asia:						
1953-55	34,312	2,862	7,697	988	8,609	10,122
1956	63,848	3,562	13,391	791	16,582	2,286
1957	81,895	2,632	16,087	1,098	4,543	2,017
Africa:						
Morocco:						
1953-55	61	1,605	1,175	95	34	139
1956	1,409	1,502	5,404	71	42	192
1957	2,564	2,138	6,021	408	109	2,762
Egypt:						
1953-55	9,161	0	3,215	4,513	928	7,166
1956	33,003	0	4,172	4,170	978	5,945
1957	1,512	0	6,266	4,710	266	525
U. of So. Africa						
1953-55	8,180	538	4,629	52	146	3/
1956	2,027	738	6,077	456	132	0
1957	138	2,625	3,914	463	193	0
Nigeria:						
1953-55	2,613	0	0	3,083	2	13
1956	3,741	0	0	3,093	17	14
1957	4,500	0	1	3,256	9	19
Belgian Congo:						
1953-55	1,658	0	0	536	611	26
1956	2,493	0	30	574	703	37
1957	3,904	0	24	614	406	30
Ghana:						
1953-55	2,817	0	0	1,182	5	2
1956	2,940	0	0	1,099	0	158
1957	3,965	0	1	973	6	53

Table 3.--U.S. Agricultural exports: By major commodity groups to countries of Western Asia and Africa, average 1953-55, annual 1956 and 1957.

Country and calendar year	Grains and preps.	Cotton unmfd.	Fats, oils, and oil-seeds 1/	Tobacco unmfd.	Dairy products	Relief and charity items 2/
	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.
Tunisia:						
1953-55	2	0	0	136	8	64
1956	5,091	0	0	603	0	43
1957	2,567	0	0	217	782	44
Fr. W. Africa:						
1953-55	180	0	0	748	6	3/
1956	5,202	120	0	124	63	0
1957	3,043	90	0	341	75	6
Algeria:						
1953-55	10	153	451	260	0	3/
1956	2,818	95	3,041	420	0	45
1957	4	225	1,907	604	0	693
Liberia:						
1953-55	1,021	0	68	22	53	4
1956	1,744	0	11	7	15	20
1957	2,204	0	123	8	47	17
Libya:						
1953-55	1,236	0	0	0	39	0
1956	2,199	0	0	0	98	229
1957	1,105	0	0	0	325	676
Canary Islands:						
1953-55	2,181	0	0	168	0	0
1956	2,383	0	0	535	0	16
1957	989	0	110	376	0	0
Angola:						
1953-55	1,112	0	3/	140	30	1
1956	855	0	0	318	27	0
1957	703	0	1	54	57	0
Others:						
1953-55	2,769	1,616	731	1,796	62	68
1956	680	1,116	781	909	127	85
1957	276	1,851	2,741	661	204	150
Total Africa:						
1953-55	33,002	3,912	10,269	12,731	1,924	7,483
1956	67,141	5,458	21,476	12,379	2,202	6,784
1957	27,474	8,984	19,574	12,685	2,479	4,975

1/ Includes principally lard, tallow, cottonseed oil, soybean oil, linseed oil, soybeans, flaxseed, and peanuts. 2/ Principally agricultural commodities donated by Commodity Credit Corporation to private welfare agencies for overseas distribution. 3/ Less the $500.

Table 4.--U.S. Agricultural exports: Principal commodities supplied to important customers in Western Asia and Africa, average 1953-55, annual 1956 and 1957

Country	1953-55 average	1956	1957
	1,000 dols.	1,000 dols.	1,000 dols.
Wheat and Wheat flour:			
West Asia:			
Turkey	5,680	19,946	37,641
Israel	10,878	18,933	17,956
Saudi Arabia	3,267	4,445	4,919
Iran	602	5,595	4,581
Lebanon	3,795	5,201	1,843
Others	1,013	919	703
Total	25,235	55,039	67,643
Africa:			
Nigeria	2,612	3,741	4,500
Ghana	2,818	2,926	3,944
Belgian Congo	1,148	1,883	3,170
Tunisia	0	5,081	2,536
Morocco	16	1,303	2,498
Fr. W. Africa	6	2,775	2,124
Egypt	9,162	32,876	1,475
Libya	1,236	2,197	1,095
Others	11,562	8,209	3,129
Total	28,560	60,991	24,521
Corn and corn meal:			
West Asia:			
Israel	633	2,034	2,866
Turkey	8	300	2,632
Others	655	89	39
Total	1,296	2,423	5,537
Africa:			
Canary Islands	382	1,546	989
Other	4,250	105	39
Total	4,632	1,651	1,028

Country	1953-55 average	1956	1957
	1,000 dols.	1,000 dols.	1,000 dols.
Tallow, inedible:			
West Asia:			
Turkey	0	860	3,460
Iran	193	181	354
Iraq	125	222	189
Israel	159	338	177
Others	2	0	20
Total	479	1,601	4,200
Africa:			
Egypt	3,181	4,002	6,139
U. of So. Africa	4,111	5,438	3,365
Morocco	154	636	491
Rhod. and Nyasaland	414	525	201
Others	131	121	4
Total	7,991	10,722	10,200
Cottonseed oil:			
West Asia:			
Turkey	1,030	3,846	4,086
Israel	255	2,348	0
Others	9	3	79
Total	1,294	6,197	4,165
Africa:			
Morocco	712	850	648
Algeria	244	1,997	212
Others	12	0	0
Total	968	2,847	860
Soybeans:			
West Asia	3,354	4,219	6,732
Africa	135	0	0

Table 4. U. S. Agricultural exports: Principal commodities supplied to important customers in Western Asia and Africa, average 1953-55, annual 1956 and 1957.

Country	1953-55 average	1956	1957
	1,000 dols.	1,000 dols.	1,000 dols.
Tobacco:			
Western Asia:			
Jordan	596	527	643
Israel	155	213	304
Others	237	51	151
Total	988	791	1,098
Africa:			
Egypt	4,513	4,170	4,710
Nigeria	3,083	3,093	3,256
Ghana	1,182	1,099	973
Belgian Congo	536	574	614
Algeria	260	420	604
U. of South Africa	52	456	463
Morocco	95	71	408
Canary Islands	168	535	376
Fr. W. Africa	748	124	341
Tunisia	136	603	217
Others	1,958	1,234	723
Total	12,731	12,379	12,685
Cotton:			
Western Asia:			
Israel	2,844	2,786	2,042
Lebanon	9	776	554
Others	9	0	36
Total	12,862	3,562	2,632
Africa:			
U. of South Africa	538	2,625	4,680
Morocco	1,605	1,502	2,138
Fed. of Rhod. and Nyasaland	0	438	1,367
Others	1,769	893	799
Total	3,912	5,458	8,984

	1953-55 average	1956	1957
	1,000 dols.	1,000 dols.	1,000 dols.
Dairy products:			
Western Asia:			
Israel	5,031	3,078	1,591
Lebanon	2,742	2,698	1,022
Iran	171	2,792	462
Turkey	14	7,213	225
Saudi Arabia	277	349	195
Others	374	452	1,048
Total	8,609	16,582	4,543
Africa:			
Tunisia	8	0	782
Belgian Congo	611	703	406
Libya	39	98	325
Egypt	928	978	266
U. of South Africa	146	132	193
Morocco	34	42	109
Fr. W. Africa	6	63	75
Others	152	186	323
Total	1,924	2,202	2,479
Rice, milled and rough:			
Western Asia:			
Saudi Arabia	1,472	788	1,160
Others	125	1,600	830
Total	1,597	2,388	1,991
Africa:			
Liberia	1,231	1,487	1,955
Others	637	2,149	150
Total	1,863	3,636	2,105
Peanuts:			
Western Asia	126	717	28
Africa	30	48	44

Table 5.--U.S. Agricultural imports: Value by country, Western Asia and Africa, average 1950-54, annual 1956 and 1957

Country 1/	Agricultural 1950-54 average	Agricultural 1956	Agricultural 1957	Total 1950-54 average	Total 1956	Total 1957	Percent Agr. of Total 1957
	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	Percent
Western Asia:							
Turkey	45,600	50,324	49,582	64,394	73,316	67,269	73
Iran	13,800	18,849	19,397	24,927	37,241	35,492	54
Iraq	11,800	14,610	13,524	14,502	39,832	28,977	47
Syria	11,400	10,439	9,421	11,574	11,888	9,716	97
Arabian Peninsula 3/	2,400	4,353	3,667	6,245	17,097	8,005	46
Lebanon	4,000	3,547	3,549	4,559	4,461	4,704	75
Israel 3/	315	478	683	11,463	18,939	19,630	4
Saudi Arabia	115	189	6	45,802	74,024	41,403	2/
Others	100	253	169	51,080	97,514	117,037	2/
Total	89,530	103,042	99,998	234,546	374,312	332,233	30
Africa:							
Belgian Congo	24,600	40,527	47,160	75,290	114,665	101,741	46
Br. E. Africa	35,000	35,574	43,678	36,946	36,908	44,848	97
Angola	27,400	33,440	36,908	31,987	35,911	39,782	94
Ethiopia	23,300	23,952	32,318	23,526	24,266	32,578	99
Ghana	53,900	30,565	28,025	68,044	47,939	29,937	94
Liberia	27,700	30,167	26,268	31,944	43,308	38,350	68
Fr W. Africa	11,700	26,669	23,485	11,731	28,655	24,651	95
Nigeria	38,100	35,391	23,460	42,132	42,015	25,811	91
Madagascar	6,300	11,845	18,209	10,033	13,376	19,431	94
Egypt	24,800	12,049	15,237	27,095	14,800	17,058	90
U. of So. Africa	31,800	15,645	13,157	111,746	103,446	111,341	12
Cameroons	6,200	5,802	5,775	6,397	5,906	5,910	98
Morocco	2,317	2,927	2,751	9,228	10,127	11,171	25
Mozambique	4,100	2,414	2,530	4,892	5,009	3,858	66
Br. W. Africa	797	1,061	1,881	2,824	2,276	3,208	58
Others	11,086	3,397	36,258	60,967	58,100	78,770	46
Total	329,100	313,430	329,125	554,732	586,707	588,445	56

1/ Listed in order of agricultural trade. 2/ Less than 0.5 percent. 3/ Other than Saudi Arabia.

Table 6.--U.S. Agricultural imports: By major commodity groups from countries of West Asia and Africa, average 1953-55, annual 1956 and 1957.

Country and calendar year	Cocoa tea, and coffee	Drugs and spices	Cotton and other fibers 1/	Wool	Hides and skins	Tobacco unmfd.
	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.
Western Asia:						
Turkey:						
1953-55	0	2,503	1	540	186	36,044
1956	0	1,800	0	610	297	41,707
1957	0	1,594	27	109	304	42,099
Iran:						
1953-55	4	714	0	10,190	1,567	2/
1956	0	425	0	10,855	4,042	0
1957	2	393	40	12,064	3,279	2/
Syria:						
1953-55	0	18	16	7,737	5	1,088
1956	0	0	0	9,759	0	464
1957	0	7	53	8,560	52	479
Iraq:						
1953-55	0	401	0	7,714	25	0
1956	0	677	0	9,492	95	0
1957	0	628	0	8,160	137	0
Lebanon:						
1953-55	0	13	1	816	146	80
1956	0	0	0	894	414	180
1957	0	11	0	1,158	216	0
Others:						
1953-55	3,141	1	0	39	94	0
1956	4,660	0	0	46	111	0
1957	3,877	18	0	44	10	0
Total West Asia:						
1953-55	3,145	3,650	18	27,036	2,023	37,212
1956	4,660	2,902	0	31,656	4,959	42,351
1957	3,879	2,651	120	30,095	3,998	42,578
Africa:						
Belgian Congo:						
1953-55	17,812	1,734	88	0	278	0
1956	26,564	1,457	0	0	294	0
1957	32,513	1,555	0	0	263	0

Table 6.--U.S.Agricultural imports: By major commodity groups from countries of Western Asia and Africa, average 1953-55, annual 1956 and 1957.

Country and calendar year	Cocoa, tea, and coffee	Drugs and spices	Cotton and other fibers 1/	Wool	Hides and Skins	Tobacco unmfd.
	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.
Br. E. Africa:						
1953-55	18,395	2,508	9,285	0	1,740	0
1956	29,003	1,840	301	0	1,671	0
1957	38,549	4,165	2,099	0	988	0
Angola:						
1953-55	33,980	0	551	0	0	0
1956	32,561	0	66	0	0	0
1957	36,125	0	369	0	0	0
Ethiopia:						
1953-55	29,270	65	0	0	2,665	0
1956	18,941	0	0	0	2,769	0
1957	29,743	0	0	0	1,900	0
Ghana:						
1953-55	44,556	2	105	0	14	0
1956	30,758	0	0	0	0	0
1957	28,007	7	5	0	0	0
Liberia:						
1953-55	274	0	45	0	0	0
1956	151	0	0	0	0	0
1957	43	0	0	0	0	0
Fr. W. Africa:						
1953-55	22,518	15	3	0	209	0
1956	25,980	31	0	0	340	0
1957	22,929	106	7	0	239	0
Nigeria:						
1953-55	25,564	128	334	0	2,952	0
1956	27,755	166	237	0	3,756	0
1957	17,084	95	245	0	1,784	0
U. of So. Africa:						
1953-55	63	72	628	1,611	573	0
1956	0	133	19	14,202	601	0
1957	61	164	39	11,767	573	0
Madagascar:						
1953-55	2,533	4,576	359	0	0	0
1956	5,105	5,035	114	0	0	0
1957	10,322	6,494	151	0	0	0

Table 6.--U.S. Agricultural imports: By major commodity groups from countries of Western Asia and Africa, average 1953-55, annual 1956 and 1957

Country and calendar year	Cocoa, tea, and coffee	Drugs and spices	Cotton and other fibers 1/	Wool	Hides and skins	Tobacco unmfd.
	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.	1,000 dols.
Egypt:						
1953-55	0	31	20,146	341	87	0
1956	0	0	10,997	33	185	0
1957	0	28	14,120	52	141	0
Cameroons:						
1953-55	9,254	3	0	0	0	0
1956	4,799	0	0	0	0	0
1957	4,907	1	0	0	0	0
Mozambique:						
1953-55	1,099	6	1,928	0	6	0
1956	495	0	1,152	0	0	0
1957	382	10	1,036	0	0	0
Morocco:						
1953-55	1	115	59	3	186	0
1956	0	85	13	21	516	0
1957	0	110	36	0	364	0
Others:						
1953-55	3,261	242	1,248	10	1,820	100
1956	2,224	126	665	2/	1,848	0
1957	1,892	154	230	1	946	26
Total: Africa: 3/						
1953-55	208,580	9,497	34,779	1,965	10,533	100
1956	204,336	8,873	15,564	14,256	11,980	0
1957	222,557	12,885	18,330	11,820	7,198	26

1/ Includes cotton, sisal, henequen, flax, hemp, and other vegetable fibers.

2/ Less than $500. 3/ Rubber, one of our leading imports from Africa was not included in this table; the total and chief suppliers of rubber to the United States were:

Rubber:	1953-55 average	1956	1957
	1,000 dols.	1,000 dols.	1,000 dols.
Africa:			
Liberia	24,181	29,992	26,226
Belgian Congo	2,613	4,864	5,795
Nigeria	1,446	3,738	4,171
Others	294	1,455	1,040
Total	28,534	40,049	37,232

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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

FATP 27-58
October 24, 1958

FREE WORLD DOLLAR ASSETS RISE TO RECORD HIGH; UNDERDEVELOPED COUNTRIES IN DIFFICULTY

Summary

Total (public and private) gold and dollar assets of foreign countries[1/] increased $1.7 billion in the first half of 1958 to reach an alltime high of $31.5 billion by June 30.

The main reason for the large increase was the near-record outflow of gold and dollars from the United States, especially in the April-June quarter. This outflow reflected a substantial shift in overall balance of foreign countries' dollar payments and dollar receipts -- a large reduction in purchases from the United States combined with a slight increase in receipts. The balance of the increase in reserves was derived from newly-mined gold, U.S.S.R. gold sales, and some gold coming out of hoard.

The distribution of this increase, however, was patterned after earlier trends established since the autumn of 1957 -- that is, most of it accrued to the industrialized countries of Western Europe, Canada and Japan. The rest of the world, in the total, is experiencing balance of payments difficulties and its gold and dollar reserves are declining. In the newly developing countries where exports of primary commodities constitute the bulk of exchange earnings, the decline reflects lower export commodity prices, and also internal inflationary pressures. The exchange position of many of these countries is precarious.

World Dollar Position and the Agricultural Export Outlook

A rise in reserves generally encourages, and is often a prerequisite to an expansion in the economies of foreign countries, and consequently in their imports, including imports from the United States.

In the larger U. S. dollar markets, total gold and dollar reserves have risen to record heights. In most of these countries, the dollar position should not be a factor limiting U. S. agricultural exports. The actual level of such exports to these markets should depend on such factors as import requirements, competitive production, prices and the like. It should be noted,

1/ -- Excluding Soviet Bloc countries and international institutions.

however, that economic activity which had increased in these countries since 1950 at a very rapid rate, tended to level off in the latter part of 1957 and the first 6 months of 1958. This situation is expected to result in reduced imports of fibers, depending of course on the size of earlier inventory build-ups.

As an additional factor in the outlook, the improvement of the financial position of these major trading countries will also tend to encourage further relaxation of some trade restrictions against U. S. farm products.

The gold and dollar reserves of the underdeveloped countries, on the other hand are in general at low levels. Furthermore, prospects of early improvements are hampered in many instances by low prices of their main export items and by the pressure of inflationary situations on import payments. In most of these countries, restrictions on commercial marketings of U. S. farm products will continue to be encountered. Consequently, many of them must look to special U. S. export financing programs -- such as Public Law 480 sales for local currency -- as their principal means of obtaining needed agricultural exports from the U. S.

U. S. Balance of Payments

As a result of their transactions with the United States in the first half of 1958, foreign countries increased their gold and short-term dollar assets by $1.6 billion. The net outflow of gold and dollars during April-June was the second largest quarterly outflow on record.

A large part of foreign net dollar earnings was converted into gold, particularly by the United Kingdom, the Netherlands and Belgium. Gold conversion was prompted by such factors as lower interest rates of U. S. government bonds and notes; the downturn of U. S. economic activity in the first part of 1958, and the desire of some governments to increase confidence in their currency through an increase in gold reserves.

The substantial shift in the U. S. balance of payments in favor of foreign countries in first half of 1958 as compared with the last half of 1957 was brought about by:

(1) A large decrease in foreign countries' expenditures for U. S. goods and services. This decline centered primarily on some exports of foodstuffs, cotton, fuels (which had been unusually high in 1957 because of the Suez crisis) and metals. In addition, smaller revenues were derived from U. S. transportation and lower incomes from U. S. investments abroad.

(2) A small increase of foreign countries' receipts from the United States. Although foreign countries' dollar receipts from the sale of goods and services to the United States declined about $300 million in the first half of 1958, this was more than offset by a substantial increase in the outflow of U. S. private capital and by larger U. S. government expenditures. This increase amounted to over $1.0 billion. The outflow of U. S. private capital during January-June 1958, however, was well below the unusally large outflow experienced in the same period of 1957.

United States: Balance of Payments with Foreign Countries (non-adjusted) 1/

	Second half 1957	First half 1958 2/
	Million dollars	
I. Dollars paid by foreign countries for--		
A. U. S. exports of goods and services		
1. Merchandise	9,088	8,234
2. Services and other transactions	3,746	3,209
B. Foreign long-term investment in U. S.	68	31
C. Errors, omissions and unaccounted (net)	180	198
Total Payments	13,082	11,672
II. Dollars received by foreign countries from--		
A. U. S. imports of goods and services		
1. Merchandise	6,651	6,314
2. Services and other transactions	2,696	2,287
B. Private capital outflow (net)	1,008	1,758
C. U. S. Government spending		
1. Offshore military expenditures	1,395	1,696
2. U. S. economic grants and loans	1,244	1,218
Total Receipts	12,994	13,273
As a result, foreign gold and liquid dollar assets decreased (-) or increased (+)	- 88	+1,601

1/ Excludes military aid under a grant basis.
2/ Preliminary

Payments Trends of Foreign Countries

In the first half of 1958, the balance of payments of the industrialized countries were favored by maintenance of export earnings, coupled with reduced import expenditures. Such reduction was made possible by (1) lower costs of imported raw materials, including wool, rubber, some foodstuffs, and nonferrous metals; (2) lower shipping costs; and (3) in a number of countries (particularly those that took measures to combat inflationary pressures), reduced demand for imported raw materials as a result of a general slackening of industrial activity.

Estimated Gold Reserves and Dollar Holdings of Foreign Countries
and International Institutions

Area and country	Dec. 31, 1956	June 30 1957	Dec. 31 1957	Mar. 31 1958	June 30p 1958	Change since Dec. 31 1957
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Continental Western Europe:						
Austria	377	390	460	465	473	+ 13
Belgium-Luxembourg(& Belgian-Congo)	1,239	1,144	1,190	1,266	1,401	+ 211
Denmark	102	98	149	168	151	+ 2
Finland	93	99	104	101	87	- 17
France (& dependencies) 1/	1,512	2/1,005	955	921	909	- 46
Germany (Federal Republic of)	3,343	3,733	4,113	3,983	4,050	- 63
Greece	187	177	167	167	135	- 32
Italy	1,270	1,325	1,533	1,530	1,678	+ 145
Netherlands (& Netherlands West Indies & Surinam)	1,080	1,014	1,058	1,274	1,302	+ 244
Norway	204	219	243	245	237	- 6
Portugal (and dependencies)	628	622	651	658	678	+ 27
Spain (and dependencies)	163	145	117	121	123	+ 6
Sweden	483	499	484	469	462	- 22
Switzerland	2,643	2,574	2,813	2,742	2,773	- 40
Turkey	164	158	162	157	156	- 6
Other 3/	945	1,216	875	984	1,133	+ 258
Total	14,433	14,418	15,074	15,251	15,748	+ 674
Sterling Area:						
United Kingdom	3,015	3,158	3,080	3,701	4,036	+ 956
United Kingdom dependencies	107	100	108	106	103	- 5
Australia	191	191	211	208	4/ 201	- 10
India	324	324	330	327	332	+ 2
Union of South Africa	278	295	256	232	184	- 72
Other	242	255	258	267	266	+ 8
Total	4,157	4,323	4,243	4,841	5,122	+ 879
Canada	2,996	3,169	3,195	3,163	3,428	+ 233
Latin America:						
Argentina	370	345	263	270	266	+ 3
Brazil	550	468	457	441	451	- 6
Chile	138	132	116	118	127	+ 11
Colombia	210	263	215	199	4/189	- 26
Cuba	514	560	525	517	515	- 10

Guatemala	91	97	92	93	91	- 1
Mexico	604	508	569	539	4/491	- 78
Panama	110	136	137	146	135	- 2
Peru	119	110	88	82	93	+ 5
Uruguay	260	249	236	267	258	+ 22
Venezuela	1,061	1,452	1,556	1,430	1,462	- 94
Other	286	356	290	312	314	+ 24
Total	4,313	4,676	4,544	4,414	4,392	- 152
Asia:						
Indonesia	231	168	190	128	122	- 68
Iran	158	173	193	190	202	+ 9
Japan	1,149	756	716	835	933	+ 217
Philippine Republic	300	249	186	201	180	- 6
Thailand	261	280	270	270	261	- 9
Other	713	773	785	780	772	- 13
Total	2,812	2,399	2,340	2,404	2,470	+ 130
All Other:						
Egypt5/	238	246	228	216	192	- 36
Other	137	182	169	178	159	- 10
Total	375	428	397	394	351	- 46
Total Foreign Countries6/	29,086	29,413	29,793	30,467	31,511	+1,718
International Institutions	3,535	3,086	2,919	2,919	3,135	+ 216
Grand Total	32,621	32,499	32,712	33,386	34,646	+1,934

P. Preliminary

1. Excludes gold holdings of French Exchange Stabilization Fund.

2. Does not include $286 million of gold loaned by Bank of France to French Exchange Stabilization Fund on June 26, 1957.

3. Includes Yugoslavia, Bank for International Settlements (both for its own andEuropean Payments Union account), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

Source: Federal Reserve Bulletin

4. Includes latest reported figures for gold reserves as follows: Australia (Dec. 31, 1957); Colombia (Feb. 28); and Mexico (Apr. 30).

5. Part of United Arab Republic since February 1958.

6. Excludes gold reserves of the U. S. S. R. and other Western European countries.

Note--Gold and short-term dollars include reported and estimated official gold reserves, and total dollar holdings. U. S. Govt. bonds and notes represent estimated holdings of such securities with original maturities of more than one year.

Growth of Gold and Short-term Dollar Assets of Industrialized and All Other Countries

	Dec. 31 1949	Percent of Total	Dec.31 1957	Percent of Total	Jun.30 1958	Percent of Total	Change since Dec.31 1957
	(Million dollars)						
13 Industrialized Countries	9,274	58.7	19,989	67.1	21,851	69.3	+1,862
All other countries	6,519	41.3	9,804	32.9	9,660	30.7	- 144
Total	15,793	100.0	29,793	100.0	31,511	100.0	+1,718

The newly-developing countries, in contrast, are in general experiencing varying degrees of financial difficulty. This is the result of the stimulation of imports by ambitious development programs or inflationary pressure during a period of reduced export earnings because of lower prices for a number of raw materials. Consequently, many have been steadily losing exchange reserves over the past year and the drain has not stopped. Some have maintained imports by drawing on already meager reserves or by extensive borrowing from the industrialized countries. Others have taken measures to restrict imports of consumer and non-essential goods.

Individual Country Developments

Developments in a number of countries during the first half of 1958 are of special interest because of the magnitude of the changes or because of their importance as markets for U. S. agricultural exports.

The United Kingdom's gold and dollar assets increased $956 million and reserves are now larger than at any time since mid-1951. The United Kingdom has added over $1.3 billion to its reserves since their low point of September 30, 1957. This gain reflects a favorable trade balance and renewed confidence in the pound sterling as a trading currency. The U. K. bank discount has progressively been reduced from the abnormal high of 7 percent of its present level of 4.5 percent and industrial activity is expanding.

Japan also has greatly improved its gold and dollar position since the latter reached a low on September 30, 1957. This improvement, which amounted to $217 million in January-June 1958, is due to earlier measures aimed at slowing down industrial expansion and thus greatly reducing import demand. Japanese reserves, however, are still below the high 1956 level.

The Netherlands and Belgium have both increased their gold and dollar assets well in excess of earlier (1957) losses. Internal measures reduced import demand,

dampened inflationary pressures, and contributed towards the maintenance of a high level of exports.

West Germany's loss of $63 million in gold and dollar assets resulted from an outflow of capital. The German government has taken important steps to free the movement of capital and encourage German firms to invest abroad. This of course helps development financing in a number of countries.

Although France continued to lose gold and dollars, the loss amounted to only $46 million, reflecting a greatly reduced rate of decline compared with the deterioration which began in January 1957. Slackened industrial activity and waning inflationary pressures will contribute to a more favorable external payments position.

Sweden's gold and dollar assets declined $22 million, due to large imports and smaller shipping earnings. Its reserves are large enough, however, to absorb small declines without resorting to severe corrective measures.

Heavy importing caused Greece's gold and dollar reserves to drop $32 million. To protect its declining reserves, the Government recently took measures to restrict some types of consumer goods imports.

In the rest of Europe, Finland, Spain, Yugoslavia and Turkey are still experiencing severe financial difficulties. Turkey's recent stabilization program, together with substantial financial aid, has helped ease its acute foreign exchange problem. Finland is taking internal measures to retard inflation and improve its export position.

The Union of South Africa experienced a net loss of $72 million in its gold and dollar assets, despite a drawing of $36.2 million from the International Monetary Fund. Large imports facilitated by relaxed trade controls, smaller wool earnings, and some capital outflow all contributed to this decline. Internal monetary measures are being taken to halt this rapid decline.

India's foreign exchange reserves (held mostly in sterling) have continued to fall. Losses in the first half of 1958 amounted to $161 million. Continuation of a high level of imports for the economic development program, despite stringent economies and cutbacks, is a major reason for this continued deterioration. To meet future essential import requirements, the World Bank recently arranged for loans and debt refinancing totalling over $350 million from the United States, United Kingdom, West Germany, Canada and Japan. In addition India will receive $238 million of U. S. farm products under a Public Law 480 agreement signed in September 1958.

Australia and New Zealand both experienced smaller export earnings and foreign exchange reserves (mostly sterling) declined. However, New Zealand offset part of its losses by borrowing abroad. Australia's reserves are adequate to carry them over short-run payments difficulties.

Egypt's available gold and dollar assets declined further and are very low. Much of this decline can be accounted for by the shift of Egypt's exports from the West to the Soviet Bloc while continuing to need Western currencies to meet its imports requirements. Egypt instituted a new exchange rate device ("export pound") early in 1958 to enlarge exports to the Western countries.

The Philippine Republic continued to lose gold and dollar assets. These losses were caused by the trade impact of inflationary pressures reflecting business and development activity.

Indonesia's gold and dollar assets dropped $68 million, continuing the decline which has been going on since the end of 1956. The disruption of trade from the internal conflicts which resulted in civil war has been largely responsible for this deterioration.

A number of Latin American countries are, in varying degrees, experiencing financial difficulties.

Mexico's reserves declined in a continuation of a steady outflow which began in the first part of 1957. Heavy importing, combined with reduced export earnings, particularly from cotton, lead and zinc, resulted in an adverse balance of payments. Reserve levels are large enough, however, to outride short-run payments deficits.

Colombia's financial difficulties continued despite greatly reduced import expenditures. Coffee earnings were lower, due both to lower prices and smaller volume. Foreign liabilities remain large but are steadily being liquidated.

Venezuela's gold and dollar assets declined $94 million, reflecting a payments deficit brought about primarily by a drop in petroleum earnings and smaller inflow of oil and mineral exploration capital. Reserves, however, remain very large.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FOREIGN AGRICULTURAL TRADE POLICY AND ANALYSIS

F A T P 28-58
December 23, 1958

AUSTRALIA CONTINUES TO EMPHASIZE AGRICULTURAL PRODUCTION AND TRADE PROMOTION POLICIES

Australia's agricultural production prospects for 1958-59 are excellent in comparison with the poor drought year of 1957-58. Except for a few sections in Queensland and the Northern Territory, moisture has been sufficient for crops and pastures. Increases are expected in wheat, barley, feed grains, dairy products and wool. Sugar, fruit and meat production, although slightly below 1957-58, will still be high.

Poor crops in 1957-58 were accompanied by declines in prices for certain commodities, particularly wool and dairy products. The result was a drop of one-third in farm income. Export earnings fell by £A163 ($365) million from June 1957 to July 1958, and foreign exchange reserves declined approximately £A42 ($94) million during the same period. With the continued low prices for wool a decline in foreign exchange reserves is again predicted for 1958-59, although imports will be held constant at £A800 million ($1.8 billion).

Australia is expected to continue to promote export markets for farm products in 1959. For the most part, tariff and import licensing policies are expected to be unchanged. The emphasis given to bilateral agreements in 1956 and 1957 continued in 1958 with trade pacts signed with Malaya and Ceylon. The important aspect of these 3-year trade alliances to Australia are provisions for annual shipments of 100,000 long tons of flour to Ceylon and 80,000 to Malaya.

Agricultural Policies

Farm policy will continue to be based on maximum production. Agriculture must not only meet domestic requirements for a rapidly increasing population but also provide sufficient surpluses for export. At present, Australia is dependent on agricultural exports for over 80 percent of its foreign exchange earnings. The Commonwealth and State Governments continue to promote

large-scale irrigation and land development projects in Victoria and New South Wales. Emphasis on increased irrigation is also noted in Queensland. This is expected to result in increased livestock, cotton and tobacco production. Small-scale irrigation of many properties, primarily as a source of supplemental feed for stock, continues to expand throughout Australia. Such projects are frequently referred to as "water harvesting" and have been given a substantial boost because of the dry weather conditions in 1957-58.

Most State Governments follow a general policy of encouraging a reduction in large-scale properties and promotion of smaller family-sized farms. There is no specific program to gain this objective, but Crown land leases are gradually being reduced in size to effect more intensive land usage. Legislation in most States also provides for State Government purchases of freehold land for resale to small farm operators.

Commodity Situation

Grains - Current reports indicate a wheat crop of 6.3 million short tons, the largest since 1950. Oats and barley harvests are now estimated at about 1 million short tons each. Carry-over stocks, particularly wheat, were at minimum levels at the beginning of the new marketing year, December 1. Approximately 2.7 million short tons of wheat are expected to be available for export in 1958-59 as grain or flour. Allowing 2.1 million short tons of wheat for domestic consumption, about 1.2 million are left for 1959-60 carryover. Some 900,000 short tons of barley and 300,000 short tons of oats are expected to be exported. Rice production continues to be important in certain irrigated areas, and the current crops are noted for their high yields.

A new 5-year Wheat Stabilization Scheme is still in legal process of adoption by the various State Governments. Effective through 1962-63, the Commonwealth plan is similar to the one prevailing in previous years. It guarantees a calculated "cost of production" price to producers for 100 million bushels (3 million short tons) of wheat exports plus the total amount consumed domestically. The price set for the 1958-59 crop is 14s. 6d ($1.62) per bushel.

Sugar - Production in 1957-58 set an alltime record of 1,600 thousand short tons. Prospects for the cane harvest in 1958-59 are also good, but sugar production and exports will be down because of the lower world price and favorable world supply situation which forces Australia to comply with the terms of the International Sugar Agreement and invoke sugar milling quotas.

Fruit - Most fruit crops were particularly good in 1957-58 and the outlook is excellent for vine fruit in 1958-59. Apple and deciduous production will probably be somewhat below the near-record levels of 1957-58, with Tasmania's apple crop accounting for about 40 percent of the entire output. Citrus is also estimated below 1957-58.

Meat and dairy products - Meat production is expected to be about the same as 1957-58, although pastures are much improved in most areas. The poor condition of cattle in some of the drier areas and the emphasis farmers are giving to increasing herds are likely to result in reduced slaughterings, although weight per head and quality of meats should improve.

Greater diversion of meat exports is expected in 1958-59. Australia has obtained a concession from the United Kingdom which permits it to sell manufacturing-type beef outside the provisions of the long-term Australian-United Kingdom meat agreement. As a result, it is expected that larger shipments of this type meat will be made to the United States where the demand and price are particularly favorable. Further concessions made by the United Kingdom permit Australia to export 7,500 long tons of first and second quality beef and veal and unlimited quantities of lamb and mutton to other markets each year until October 1961.

The Commonwealth Government will continue to subsidize Air Beef Pty. Ltd., at Glenroy, Western Australia, for the 1958 and 1959 killing seasons. The rate of subsidy for 1958 remains at 1.5d (1.4 cents) per pound, but will be reduced to 1d (1 cent) per pound for 1959.

For 1958-59, a substantial increase in the production of milk and dairy products is forecast. A new 5-year price stabilization scheme for dairy products is now operative. The subsidy applies only to the quantity of butter and cheese marketed equivalent to 120 percent of domestic consumption. During the initial year 1958-59, the producer will be paid an average subsidy of 37d (34 cents) per pound, and will receive an additional payment of 3d (3 cents) per pound, if the total market return amounts to 40d (37 cents). The firming of butter and cheese prices on the U. K. market as well as increased payments to dairy producers on the total output of butter and cheese for 1958-59 is expected to revive interest in dairying in many areas.

Wool - Production will probably be above 1957-58 but below 1956-57 levels. Exports will be only slightly above 1957-58. Reduced production and the drastic price drop in wool in the past 2 years have been 2 of the most important factors contributing to the sharp reduction in farm income.

Tobacco - Government policy continues to encourage production by reduced customs tariffs for manufacturers using specified percentages of domestic leaf. From July 1, 1959, manufacturers will be required to use 23.5 percent Australian leaf in cut tobacco and 22 percent in cigarettes in order to qualify for the reduced rates.

Cotton - Prospects are not bright for any substantial increase in production in the near future. The Government is still trying to encourage output by guaranteed prices and seed distribution schemes. A new 5-year price guarantee becomes effective January 1, 1959.

AUSTRALIA: Acreage and production of selected crops
1957-58 and 1958-59 1/

Commodity	Acreage		Production	
	1957-58	1958-59 2/	1957-58	1958-59 2/
	1,000 acres	1,000 acres	1,000 short tons	1,000 short tons
Wheat	8,848	10,870	2,940	6,300
Barley	2,121	2,485	750	1,125
Oats	2,957	3,932	620	1,000
Rice, paddy	40	48	115	110
Sugar, raw	3/ 378	3/ 400	4/ 1,600	4/ 1,520
Apples	5/ 69	5/ 70	307	230
Peaches	5/ 10	5/ 10	58	58
Pears	5/ 19	5/ 19	106	100
Apricots	5/ 7	5/ 7	31	30
Dried vine fruits	5/ 133	5/ 133	87	90
Tobacco	14	15	5.5	6
Cotton	9	10	1.5	1.5
Livestock products				
Wool	--	--	713	735
Beef & veal	--	--	869	850
Mutton & lamb	--	--	460	455
Butter	--	--	194	210

1/ July-June Year 2/ Estimated 3/ Sugar cane 4/ 94 n. t. sugar 5/ Bearing acreage

Source: Australian Official Sources and FAS Estimates

AUSTRALIA: Exports and imports of selected agricultural commodities
1956-57 and 1957-58 1/

Commodity	1956-57		1957-58	
	Exports	Imports	Exports	Imports
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Wheat, incl. flour	3,771	--	1,908	45
Barley	662	--	476	--
Rice, milled	33	--	28	--
Sugar, cane	756	--	793	--
Dried vine fruits	50	--	65	--
Apples, fresh	83	--	124	--
Pears, fresh	23	--	34	--
Fruit, canned	67	--	86	--
Wool, raw	722	--	665	--
Beef and veal	167	--	207	--
Mutton and lamb	38	--	78	--
Butter	85	--	57	--
Condensed milk	33	--	35	--
Dried milk	37	--	24	--
Tallow	52	--	65	--
Cotton	--	24	--	21
Tobacco, Unmanf.	--	20	--	21

1/ July-June Year

Source: Australian Official Statistics